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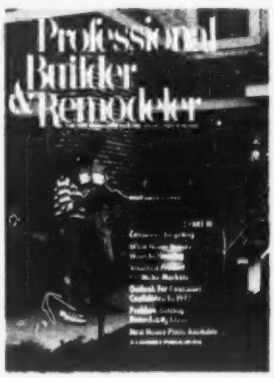
Professional Builder & Remodeler

THE ONE MAGAZINE FOR THE DIVERSIFIED BUILDER



On The Cover

One of the keys to getting the industry on the "Road To Recovery" is meeting consumer needs. Our annual Consumer Survey (backed up this year with a special "Prizm" survey) can help you meet that challenge. The story begins on page 76. Cover photography by Everett & Soulé.

Charting the needs and wants of consumers: p. 76.

Marketing ideas: p. 43.

FEATURES

Attached Carves Profits In Niche Markets 64

Whether for sale or for rent, attached housing has appeal. In this story, you'll find five examples of successful multifamily communities that are meeting pent-up demand with targeted segments.

18th Annual Consumer Survey 76

This special 18-page report, created in conjunction with National Family Opinion Inc., highlights the results of our exclusive survey of potential homeowners and their design, marketing and product preferences.

Twelve Consumer Markets To Target 94

Here's a special "geodemographic" analysis of today's new home buyers. It is a revealing portrait of the general motivations, design preferences and product desires of different cultural and socioeconomic groups.

Trends in attached housing: p. 64.

New products & lit: p. 150.

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Business

■ How strong or weak was builder confidence this past fall? Our exclusive survey tracks varied results: *p. 14*. Congress and the White House can't get together on strategies for stimulus: *p. 20*.

Management

■ When the patriarch in a family business reaches retirement age but maintains an active role, management teams can be a successful solution: *p. 25*.

Marketing

■ Builders use food giveaways to turn broker heads toward Shakerag, a new Atlanta community: *p. 43*. Beverly Trupp gives tips to small builders who want to match up well against giant companies: *p. 46*. Masco's NAHB Show homes excite with ideas, details and exquisite design: *p. 54*.

Technology

■ Building a room addition onto a home on a sloping site posed design challenges for the remodeler and architect: *p. 139*. What's new in manufactured housing? Here's an update on recent trends: *p. 142*.

Next Issue

■ In January's NAHB Show issue, we announce *PB&R*'s 1991 Builder Of The Year as well as our Professional Achievement Award winners. Don't miss it.

BUSINESS

■ EXCLUSIVE SURVEY

Builder Confidence Improves, But Overall Outlook Is Mixed

Business picked up slightly in the second half, but uncertainty lingers.

Western builders reported the strongest business increases during the second half of 1991, well ahead of their counterparts in other locations around the country.

According to an exclusive *PB&R* survey of business confidence taken in late September, 56% of those building in the West said business increased, while only 8% saw it drop significantly. In the North Central region, 40% of builders said business increased, while 36% of those operating in the Northeast saw gains. The hardest-hit area was the South: only 32% saw a business uptick, while 28% said business decreased.

Half of all multifamily builders said business increased during the second half of the year, while 40% said it remained the same. More than 47% of custom builders saw an increase, as did 41.4% of non-residential remodelers, 36.2% of residential remodelers, 33.3% of single-family builders, and 30.4% of non-residential builders.

Only half the builders in all parts of the country expect business to increase in 1992. Those involved in the custom building segment are the most optimistic about 1992 increases, as are those operating in the South.

Builders base their outlook on home buyer confidence: Only 15% rated customer confidence as high; 47% said it was moderate; 31% said it was low or uncertain; and 7% said there was no confidence at all.

The biggest factor affecting consumer confidence is the state of the economy, according to 75% of builders. Another 21% said consumers are most concerned about losing their jobs.

Several builders said consumers are most concerned that the value of their home will depreciate. Others mentioned concerns about taxes, pricing and their ability to qualify for financing.

Twenty percent of home builders said model home traffic was up in the second half of 1991. However, only 15% said the percent-of-sales/traffic ratio was up; nearly half said it was holding steady, and 34% said it was down.

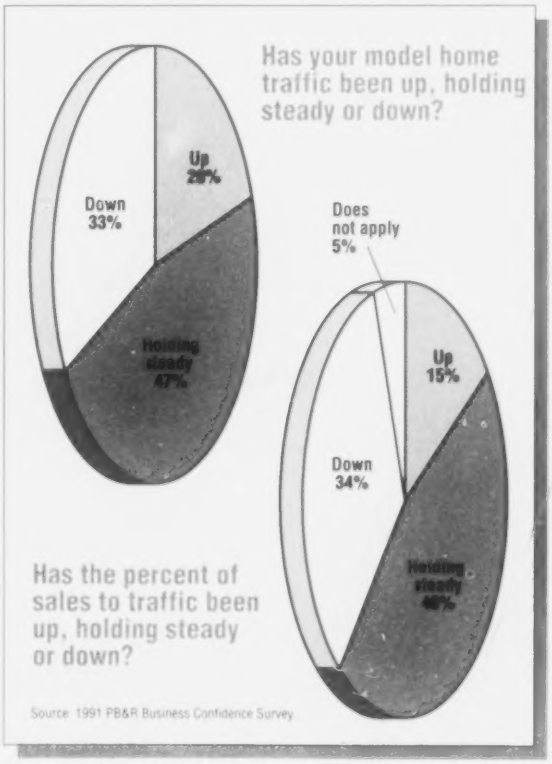
What's more, only 26% of respondents said they were using any incentives to help turn lookers into buyers.

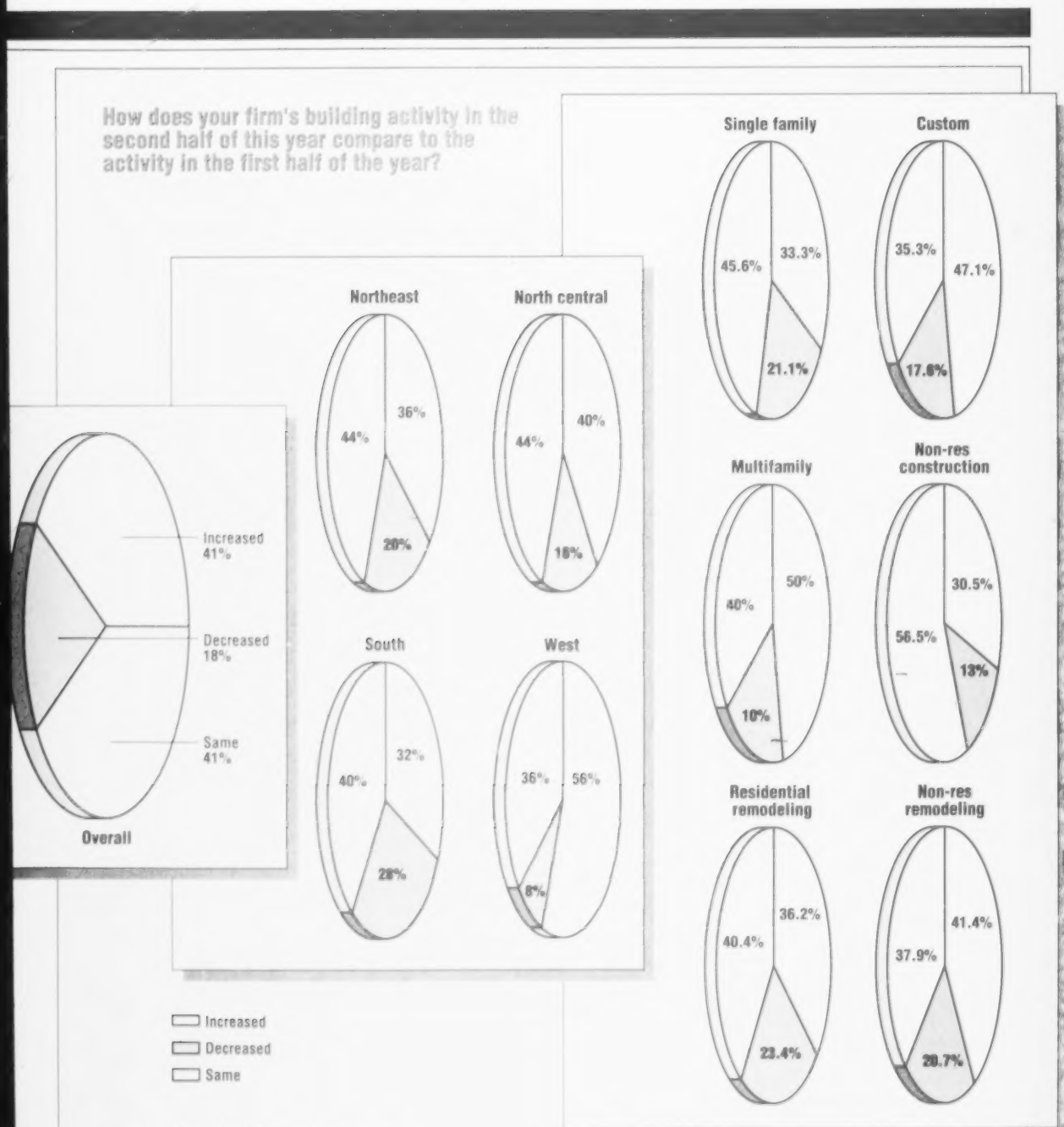
Builders who use incentives suggested a variety of programs. One is adding free kitchen appliances and carpeting, while another is putting furniture, window treatments and wallpaper into the home.

Other builders emphasized help with financing: paying points, closing costs and upgrades, or working with banks for loans for the home buyer. For the last three to four months, one builder said he had paid points, closing costs and upgrades in landscaping and appliances.

Over half of all survey respondents said they are trying to hold the line on prices—especially those in the South and North Central regions. On the other hand, 72% of build-

Continued on page 16


Has your model home traffic been up, holding steady or down?
Up 28%
Down 33%
Holding steady 47%
Does not apply 5%
Up 15%
Down 34%
Holding steady 46%
Has the percent of sales to traffic been up, holding steady or down?
Source: 1991 PB&R Business Confidence Survey


How does your firm's building activity in the second half of this year compare to the activity in the first half of the year?
Overall
Increased 41%
Decreased 18%
Same 41%
Northeast
36%
44%
20%
North central
40%
44%
16%
South
32%
40%
28%
West
36%
56%
8%
Single family
45.6%
33.3%
21.1%
Custom
35.3%
47.1%
17.6%
Multifamily
50%
40%
10%
Non-res construction
30.5%
56.5%
13%
Residential remodeling
36.2%
40.4%
23.4%
Non-res remodeling
41.4%
37.9%
20.7%
Increased
Decreased
Same
Source: 1991 PB&R Business Confidence Survey

The percent-of-sales to traffic is off for many builders, but only 26% of them are using incentives

Continued from page 15

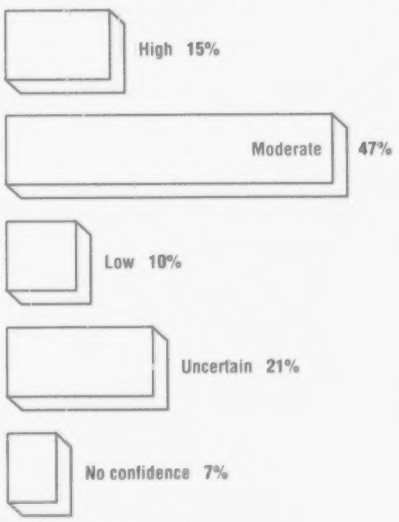
ers in the West and Northeast said they aren't trying to hold down prices at all.

Suggested techniques to hold down costs include: buying larger quantities to hedge higher prices and take advantage of volume discounts.

The "credit crunch" continues. Only 13% of builders reported success in changing their approach to acquisition, development and construction (AD&C) financing. One builder turned to limited partners as investors; another is getting involved in limited partnerships; others said they are using joint venture contracts where they become partners with the land owner.

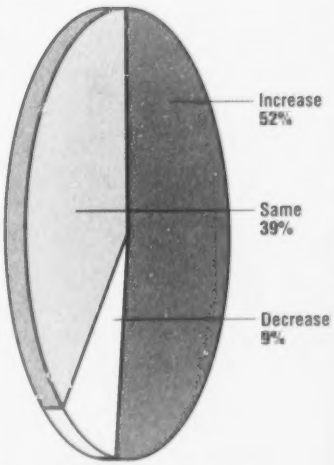
By Dan McLeister, Senior Editor

How would you rate consumer confidence?



Source: 1991 PB&R Business Confidence Survey

How will business fare in 1992?

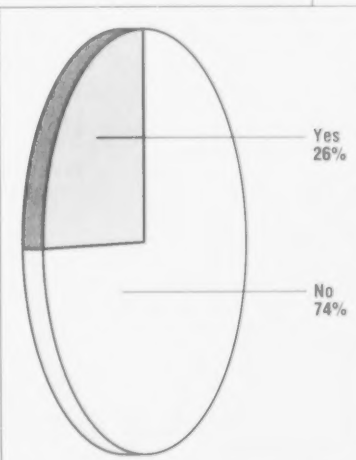


Creative Incentives Being Used

- Adding free kitchen appliances and carpeting for new buildings
- Furnishing home with furniture, window treatment and wallpaper in all rooms
- Offering free membership in the golf/country club
- Creative advertising–giving coupons with reduced prices on some products
- Giving energy–efficient glass in windows at no extra charge
- Offering paid points, closing costs and upgrades in landscaping/ appliances
- Working with banks for loans for our customers

Source: 1991 PB&R Business Confidence Survey

Are you using any incentives to turn new home shoppers into buyers?



Techniques To Hold Line On Prices

- Buy larger quantities of materials to hedge higher prices and also to take advantage of volume discounts
- Split the cost of excess (overruns) with the manufacturer
- Buy directly from the lumber mills to get the lowest prices available
- Prepay suppliers to hedge price increases

■ REMODELING

How To Develop A Strong Marketing Strategy

By Steve Martindale, Executive Director, Transferable Systems, Columbia, Md.

Marketing is no longer a luxury for the diversified builder or remodeler. After the bombardment of TV and high-tech marketing, our culture has grown to expect a sharp corporate image as part of what they view as "professional." With both the husband and the wife often in the workplace, people are in a hurry and don't take the time they used to take when finding a qualified contractor.

When planning a marketing budget, an additions and alterations remodeler should spend 5% of the volume he wishes to obtain in order to fill the sales pipeline. He then can level off at 3% to maintain that volume, while a single-line contractor (i.e. roofing) would need to spend 12% and level off at 8%.

Marketing research is an essential part of any marketing plan. This would include clearly identifying the market opportunities, market niche and demographics.

Referral marketing is always essential and could include: follow-up letters; cards and visits; after-project "housewarming" to which leads are invited; favors; referral letters; direct mail outs; newsletters; expressions of thanks for good recommendations; as well as social involvement and friendship.

Positioning P/R would include: winning design contests; association memberships; Better Business Bureau membership; P/R releases for newspaper and magazine articles; social events, charity services; photography and portfolio; and informational booklets. Image marketing involves: magazine, newspaper and yellow-page ads; office, job and truck signs; radio spots; and good fax logos.

Response marketing must be a part of your media mix whenever you want leads quickly or when your pipeline is empty. This type of marketing can be a fairly exact science—you can spend a specific amount of money and be fairly sure of how many leads you will gain. Response marketing includes direct mail, telemarketing, television, and radio (when an offer is included). Television is the best cost per lead, but its entry cost is high and leads often get burned because you get so many.

When planning direct response marketing, you'll get your highest response during planning windows—the time when people often plan and decide on remodeling projects. These are January 1st through March 1st, April 15th through May 31st, and August 15th through October 15th.

Compile A Working Marketing Plan

- Company mission statement
- Unique selling proposition
- Market niche
- Market opportunity
- Market need
- Market demographics
- Monthly volume objectives
- Monthly marketing budget
- Marketing mix
- Marketing windows
- Referral marketing
- Positioning & P/R
- Image marketing
- Response marketing
- Corporate imagery

Economic Forecast Report Available

Cahners Economics, the economic research and forecasting arm of Cahners Publishing, is offering a 57-page "Outlook" report for more than 40 construction, manufacturing and service sectors. Included are forecasts for the macro-economy as well as demographic and regional trends. The book sells for $75, but readers may obtain a copy for $21, payable in advance.

Make checks payable to Cahners Economics, P.O. Box 59-New Town Branch, Boston, Mass. 02298. □

Survey Ranks Remodeling Jobs

A recent survey conducted by NAHB and Home Owners Warranty Corp. found that of the five most common renovations, adding a family/living room (average cost: $19,902) was the most expensive.

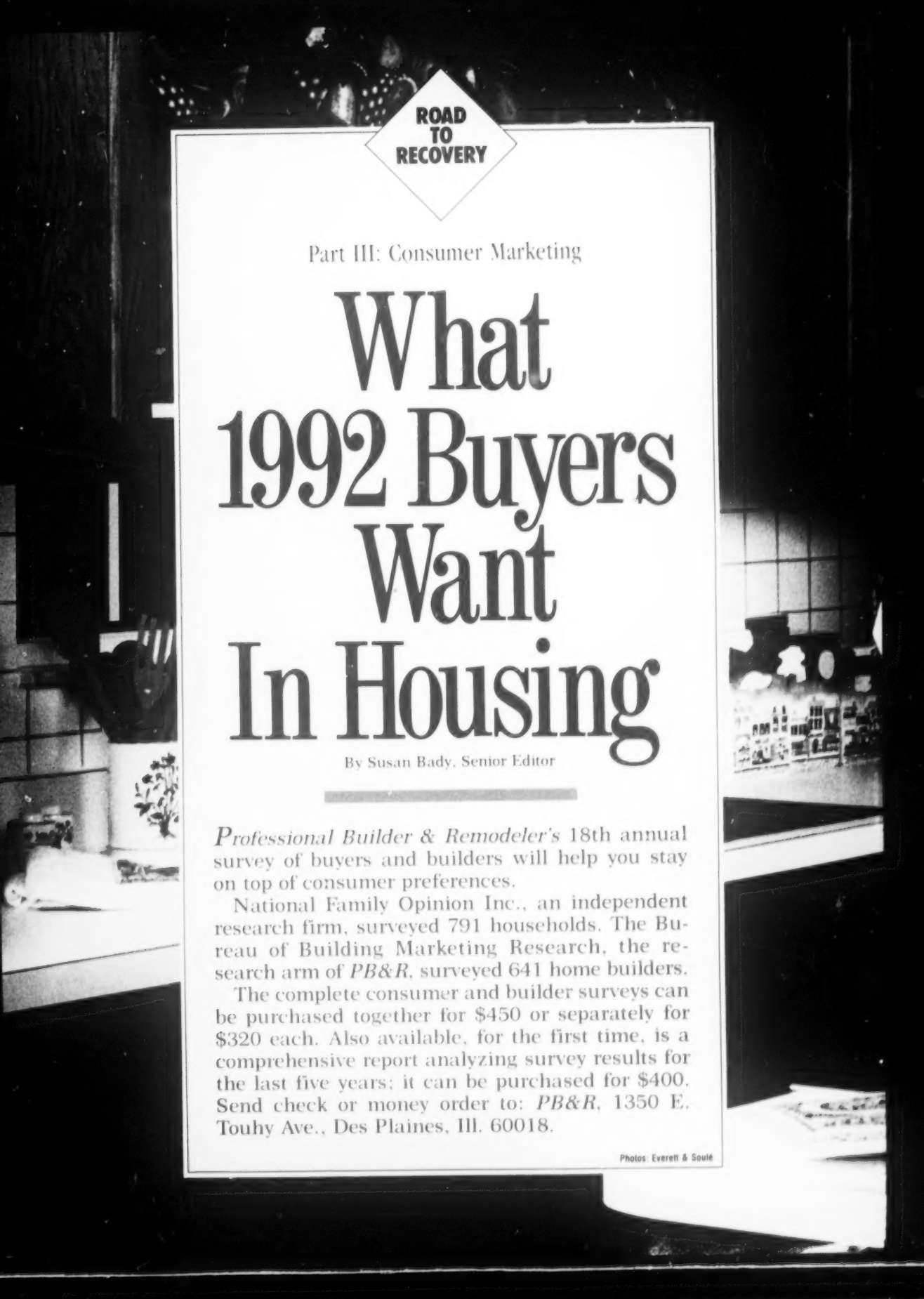
The NAHB/HOW survey was mailed to home owners completing a remodeling job worth $5000 or more and insured by HOW. Results are based on 350 responses. □

Average Cost Of Most Common Renovations

1. Added family/living room:	$19,902
2. Remodeled kitchen:	$17,592
3. Added bathroom:	$11,582
4. Remodeled bathroom:	$9,449
5. Replaced/added deck/patio:	$4,437

Renovations Ranked By Average Cost

1. Added exercise room:	$26,000
2. Added second story:	$25,857
3. Added master bedroom:	$20,850
4. Added sun room:	$20,553
5. Added family/living room:	$19,902



ROAD TO RECOVERY

Part III: Consumer Marketing

What 1992 Buyers Want In Housing

By Susan Bady, Senior Editor

Professional Builder & Remodeler's 18th annual survey of buyers and builders will help you stay on top of consumer preferences.

National Family Opinion Inc., an independent research firm, surveyed 791 households. The Bureau of Building Marketing Research, the research arm of *PB&R*, surveyed 641 home builders.

The complete consumer and builder surveys can be purchased together for $450 or separately for $320 each. Also available, for the first time, is a comprehensive report analyzing survey results for the last five years; it can be purchased for $400. Send check or money order to: *PB&R*, 1350 E. Touhy Ave., Des Plaines, Ill. 60018.

Photos: Everett & Soulé

The Composite Dream House

This portrait of the American dream, compiled from PB&R's extensive consumer survey, shows that buyers are looking for a traditional home with more square footage (in the 1990 survey median size was 1706 sq. ft.). Buyers are also becoming more sophisticated in their awareness of and desire for intelligent house and healthy house features.

Median home price	$96,538
Median size, detached home	1935 sq. ft.
Traditional style	45.2%
Single level	41.8%
Average number of bedrooms	3.0
Average number of baths	2.0
Full basement	60.3%
Two-car garage	59.6%
Definitely want or would like to have intelligent house features	72.4%
Definitely want or would like to have healthy house features	64.2%

Money & Motivation

The starter home market is rebounding: 30.6% of all consumers surveyed are first-time buyers.

The challenge in building and marketing new homes is not only to determine what consumers want, but why they want it.

Most people want to move up because they need more space. Asked what they disliked about their present home, 42% of consumers said it was too small.

Another 27.6% said location was the problem. Many are frustrated with long-distance commuting and have decided to buy housing closer to work. In this year's survey, 40.1% said 15 to 30 minutes was the maximum travel time they would accept to their jobs.

Size and price are the strongest influences on the consumer's decision to buy a home. Consumers generally want more square footage than they will actually get for their money, especially in the lower price ranges. And even though buyers have become more realistic about price, they could be shocked by what they find in the marketplace. The average price of builders' best-selling models is $201,055. That's $76,317 more than the average price consumers expect to pay.

Move-ups still dominate the housing market, with 39% of consumers seeking to move up for the first, second or third time. But there is a growing market for starter homes: 30.6% of consumers are first-time buyers, signaling a real opportunity for the builder.

Home builders will have to direct their marketing efforts toward a more sophisticated, informed consumer. Buyers are concerned about the environment and aware of how much regulations add to housing costs.

To today's consumers, value is the most important attribute of a new home—not just in terms of the deal, but also in terms of equity-building potential and tax advantages.

About 62% say that applying payments to property they own, rather than rent, is the key financial reason to buy. □

High Hopes

In the lower price ranges, consumers expect more house than they're likely to find. The chart below compares their expectations to the square footage of builders' best-selling models by price range.

Less than $85,000	
Consumers expect:	1562 sq. ft.
Builders' best model:	1470 sq. ft.
$85,000 to $99,999	
Consumers expect:	1841 sq. ft.
Builders' best model:	1657 sq. ft.
$100,000 to $149,999	
Consumers expect:	2016 sq. ft.
Builders' best model:	2020 sq. ft.
$150,000 to $199,999	
Consumers expect:	2207 sq. ft.
Builders' best model:	2528 sq. ft.
$200,000 to $300,000	
Consumers expect:	2611 sq. ft.
Builders' best model:	2755 sq. ft.
More than $300,000	
Consumers expect:	2725 sq. ft.
Builders' best model:	3633 sq. ft.

Solving The Affordability Crisis

Given a list of solutions to the high cost of housing, nearly half of all builders say the best answer is to relax land-use restrictions.

Potential solutions	All builders
Relaxed land-use restrictions	49.1%
Reduced labor costs	42.9%
Improved building techniques	42.6%
Decreased construction time	37.7%
Increased density	36.9%
Downsizing of units	34.9%
Innovative financing	30.7%

Size First, Then Price

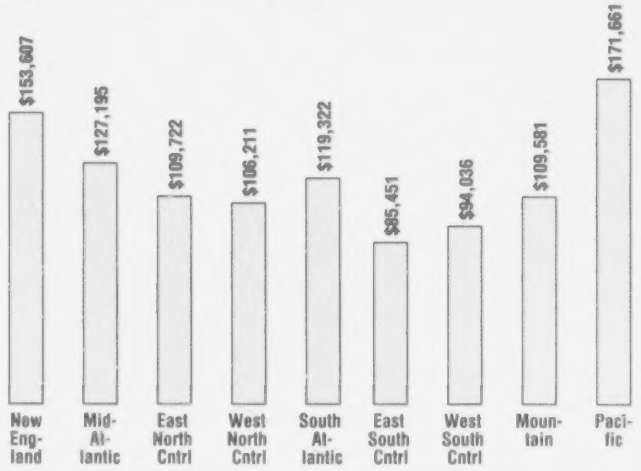
Size and price are nearly tied for first place in the list of factors buyers consider when selecting a home.

Factors in selecting a home	All consumers
Size	59.5%
Price/affordability	56.0%
Style and appearance	37.8%
Investment/appreciation	36.9%
Size of yard/lot	28.8%
Close to work	24.5%
Quality of schools	19.8%
Builder's reputation	11.8%
Prestigious neighborhood	9.9%
Warranties	9.6%
Close to shopping	9.0%
Close to public transportation	6.9%
Known brand names used	6.0%

Price Is Tied To Region

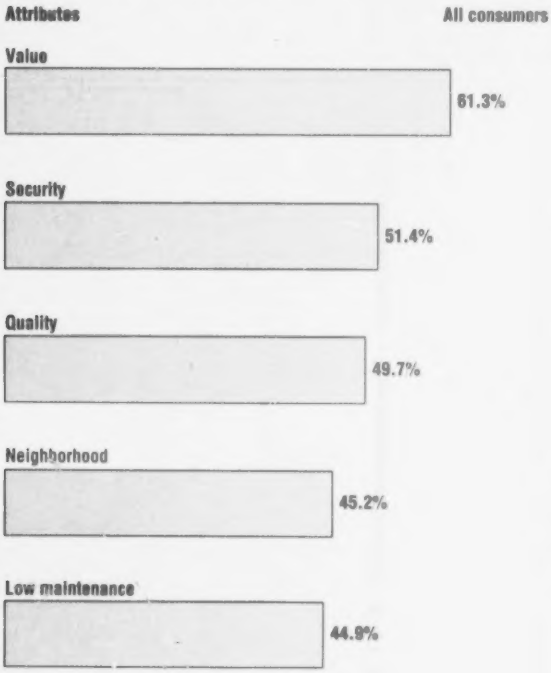
Consumers in New England and on the West Coast will spend the most for housing. Overall, the average price they expect to pay is $124,738; the median price, $96,538.

Average home price consumers expect, by region



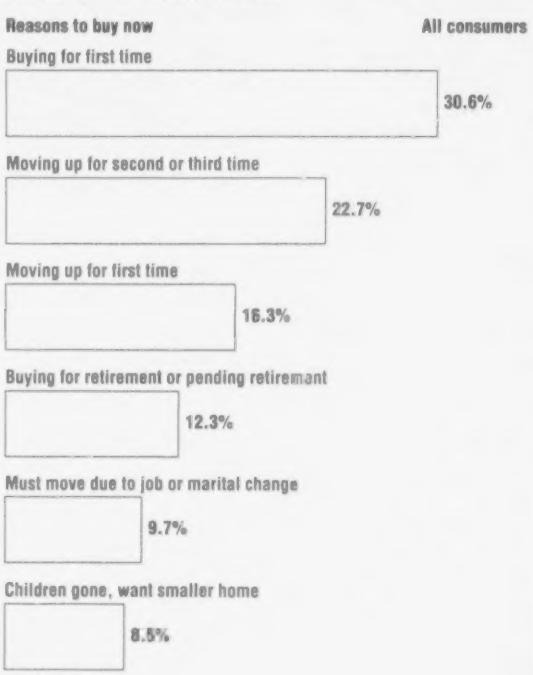
Value Tops List Of Attributes

The majority of consumers feel that value is the most important factor impacting their decision to buy.

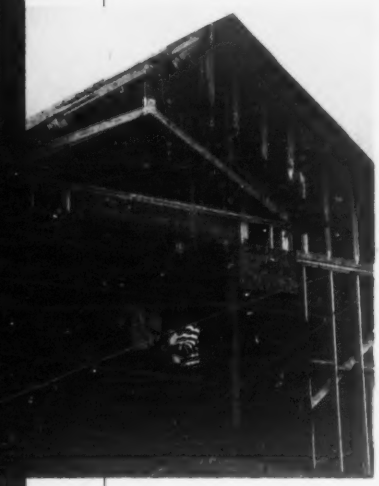


Why Buy Now?

The first-time buyer market is making a comeback: 30.6% of consumers surveyed are purchasing their first home. And move-ups comprise 39% of the current market.

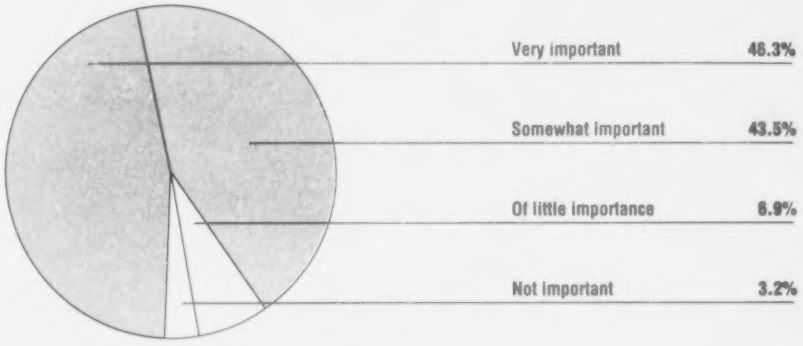


A detached home may be the dream of many consumers, but attached housing is a practical, affordable solution for others.



Save The Planet

Consumers do care about the environment. Nearly 90% consider such issues as the saving of trees and endangered species when purchasing a new home.



Ownership Is The Key

Buyers are very conscious of the financial advantages of home ownership. Building equity is another powerful motivation.

Factors	All consumers
Applying payment to property you own, rather than rent	62.3%
Creating nest egg, building equity	40.2%
Tax shelter	35.4%
Avoiding higher prices	28.3%
Hedge against inflation	14.4%
Changes in tax laws	3.8%

Price Drives Buying Decision

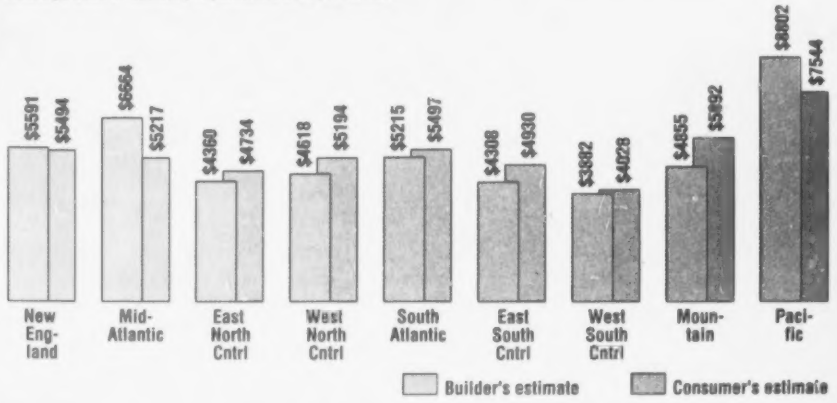
The overall price of the house and the monthly payment are the two strongest influences on the consumer's buying decision. The down payment is much more critical to the first-time buyer.

Influences	Consumers
Price of house	52.2%
Monthly payment	37.1%
Mortgage interest rate	12.8%
Down payment	8.6%

Regulations Add To The Price Tag

Overall, builders say that regulations add an average of $5540 to the cost of a new home. Consumers have become much more informed about the problem; in fact, their estimates are often higher than the builder's.

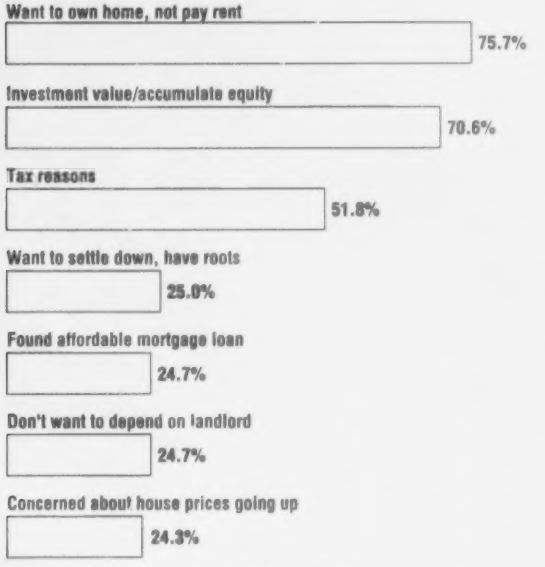
Average cost of building regulations on new homes



Better To Own Than Rent

The overwhelming majority of consumers (96.6%) consider home ownership a desirable goal. Nearly 86% say they don't like renting because they get nothing for their money. So it's no surprise that the No. 1 reason to buy is the security and sense of pride that comes with ownership.

Reasons to buy rather than rent



Buyers Seek Privacy

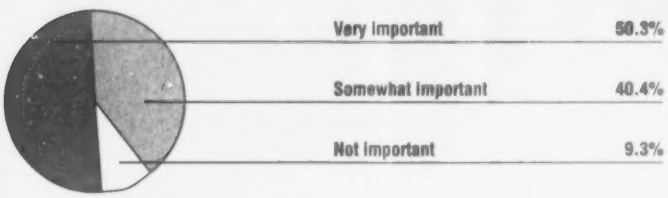
Consumers buy homes to find the security and privacy lacking in a rented apartment. They are also motivated by lifestyle: a change in marital status or plans to start a family.

Factors	All consumers
Provides security/privacy	63.4%
Conforms best to lifestyle	47.9%
Essential to raising a family	33.0%
Establishes roots in community	20.6%
Avoids dealing with landlord	16.5%
Sheer prestige of owning home	10.8%

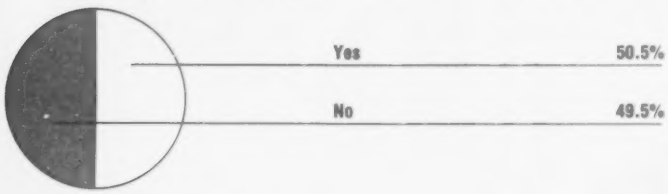
The Importance Of Warranties

An insured warranty is a marketing advantage. About half of the surveyed buyers would not consider buying a home without one. Of surveyed builders, 41% offer an insured warranty.

How important is an insured warranty?



Would you consider buying a home without an insured warranty?



Low Maintenance Sells Attached

Attached houses are attractive to consumers mainly because they require less maintenance than detached homes. Buyers also like having recreational facilities on site.

Reasons to buy attached	All consumers
Less maintenance	61.9%
Recreational features	33.3%
More house for the money	22.8%
Only housing they can afford	22.4%
Best way to buy first home	22.1%
Offers sense of neighborhood	18.9%
Only housing available at desired location	17.9%
Increased prestige	7.7%
Prefer cluster lifestyle	1.9%

Design

Houses are growing in size, according to 59.3% of builders. Most major living areas are staying the same, with the exception of the master suite, which is becoming larger and more luxurious.

Poor design is the reason many consumers decide to shop for a new home. Good design motivates them to buy.

Buyers are looking for more space, and more volume in living areas. Ample storage and multi-purpose rooms rank high on the list of desirable elements. As in past years, consumers prefer traditional architecture, but their concept of interior space planning leans toward the contemporary, with open floor plans and dramatic expanses of glass.

In this survey, consumers complained that their present homes lacked excitement, required too much maintenance and had old-fashioned kitchens and baths. Builders can turn them on with such design features as master retreats with sitting areas, walk-in closets and private baths, modern kitchens, and low-maintenance products and materials.

Storage is still a hot button. In this year's survey 86.5% ranked the linen closet first on the list of desirable design elements.

Consumers are sticklers for quality and energy efficiency and will demand that you back up your claims, usually in writing. They are also more interested in having adaptable features—such as wider doorways, ramps and wheelchair space under sinks—built into new homes to accommodate their future needs.

A great opportunity exists for builders who use model merchandising to suggest alternative uses for secondary bedrooms. The work-at-home market is growing, as is the number of people who prefer home entertainment to evenings out. Also, the demand for "in-law suites" is rising as consumers make aging parents and other relatives part of their households.

Design preferences vary according to buyer type and geographic region. The complete consumer survey includes detailed statistical breakdowns by age, region, income, price range and buyer type. □

Detached Still The Favorite

The detached home is still the American dream. But there is a market for attached housing and other alternatives such as log homes and factory-built product.

House type	All consumers
Detached house	77.6%
Townhouse	5.4%
Duplex	3.7%
Specialty home (log, dome, cedar, etc.)	3.2%
Mobile home	3.0%
Low-rise condo	2.4%
High-rise condo	2.4%
Modular, panelized, or pre-cut home	2.3%

How Size Has Changed

The overall square footage of houses is increasing, say 59.3% of builders, and so is the master bath and bedroom.

Size increasing	Builders
Total house	59.3%
Master bath	59.3%
Master bedroom	55.6%
Staying the same	
Dining room	71.0%
Family room	60.3%
Living room	57.0%
Kitchen	49.4%

Retirees Seek Adaptable House Features

Retirees and empty nesters show the most interest in having adaptable features in their new home, such as ramps, wider doorways and space for wheelchairs under sinks. But only 37.5% of builders offer such features.

Want adaptable housing features	% Consumers
Retirees	50.6%
Empty nesters	41.3%
Singles	25.9%
First-time buyers	21.6%
Move-up buyers	21.0%

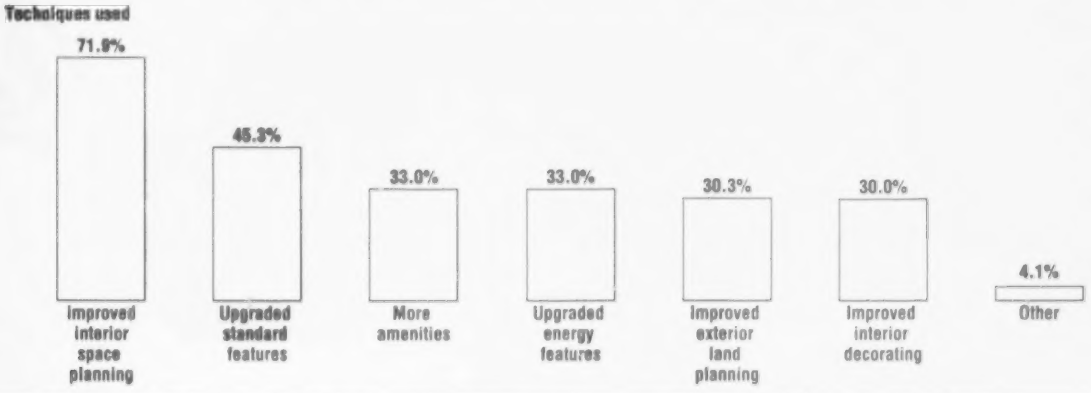
How To Sell Attached

Good design and amenities will make attached housing more appealing to buyers interested in a detached house. Privacy at the rear of the unit and energy-saving features top the list of requests.

Features	All consumers
Privacy at rear of unit	33.1%
Energy-saving features	25.7%
Offered sense of neighborhood	25.5%
Had sound control to exclude noise	25.3%
Situated in planned community	15.8%
Maintenance included in price	13.9%
Recreational facilities	13.8%
Proven security system	11.7%
Common open space	11.6%
Had units side by side	6.9%

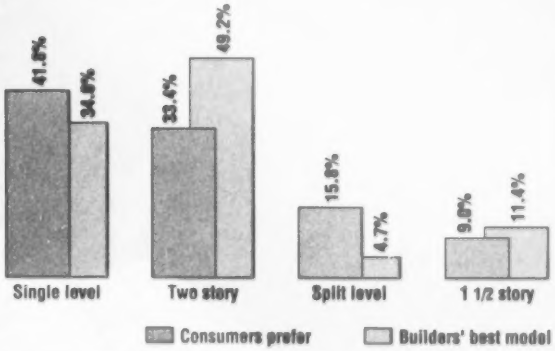
How Builders Market Smaller Houses Or Lots

Where the size of the house or lot has decreased, builders are putting more effort into design strategies to make housing livable.



One Level Or Two?

Most consumers say they prefer single-story homes, but builders report that their best-selling model is a two-story.



Put Claims In Writing

Most buyers prefer a written guarantee or warranty to back up the builder's claims about quality and energy-saving features.

How consumers determine credibility	Energy	Quality
Ask for guarantee/warranty	68.9%	68.0%
By visual inspection	61.6%	78.4%
Ask for literature	51.3%	35.8%
Ask others who bought from builder	43.7%	59.0%
Look for brand names	42.0%	30.9%
Compare with other homes	39.7%	55.9%
Get independent evaluation	39.7%	55.9%
Take builder's word for it	16.4%	17.7%
Not concerned	2.4%	1.4%

Storage is the top-rated design element. A linen closet is preferred by 86.5%, garage storage space by 80.1%, and a pantry by 76.2%.

Average: Three Bedrooms

Builders' best-selling models average 3.43 bedrooms, to be exact. Both detached- and attached-home buyers want three.

Preferred number of bedrooms	Detached buyers	Attached buyers
One bedroom	—	3.4%
Two bedrooms	11.5%	38.6%
Three bedrooms	52.4%	46.0%
Four bedrooms	31.0%	10.2%
Five or more bedrooms	4.4%	1.7%

Extra Bedrooms Are Versatile

Buyers can think of many uses for extra bedrooms. Here is a list of suggestions for marketing secondary bedrooms as specialty rooms.

What would you do with your extra bedrooms?	Consumers
Guest bedroom	62.5%
Den/library/office	52.9%
Hobby/sewing room	26.2%
Computer room	12.8%
Exercise room	9.9%
Storage	8.5%
Master bedroom retreat	2.8%
Other	3.5%

At Least Two Baths

Two bathrooms is the minimum most consumers will accept. Overall, 40.5% of builders offer 2 1/2 baths in their best-selling model.

Number of baths	Detached buyers	Attached buyers
One bathroom	3.1%	8.1%
1 1/2 bathrooms	16.3%	19.7%
Two bathrooms	39.2%	49.1%
2 1/2 bathrooms	29.8%	16.2%
Three or more bathrooms	11.5%	6.9%

Marketing The Master Suite

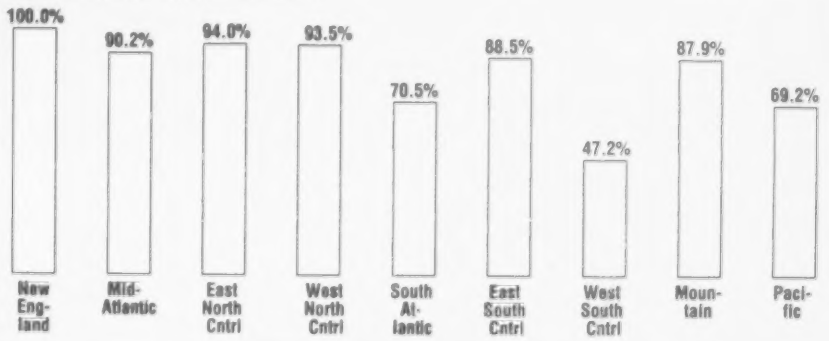
As master suites increase in size, consumers are demanding better design. A private bath and walk-in closet are two very popular features.

Elements	Consumers
Walk-in closet	80.4%
Private bath	79.0%
Separation from other bedrooms	61.5%
Dressing/make-up area	29.1%
Balcony or patio	19.8%
Mirrored doors	16.7%
Sitting area	16.5%
Fireplace	11.1%

Full Basement Is Desirable

Full basements are becoming a priority for buyers in nearly every region. Buyers in New England will accept nothing less.

Full basement as most desirable feature



Traditional Architecture Sells Best

Traditional styling is still the favorite of consumers nationwide. In the Pacific states, contemporary is more popular, while in New England, colonial styling has an edge over traditional.

Style	Consumers prefer	Builders' best model
Traditional	45.2%	48.7%
Contemporary	31.4%	22.7%
Colonial	19.0%	15.7%
Victorian	13.3%	2.4%
Other	8.4%	6.3%
Spanish	7.4%	3.5%

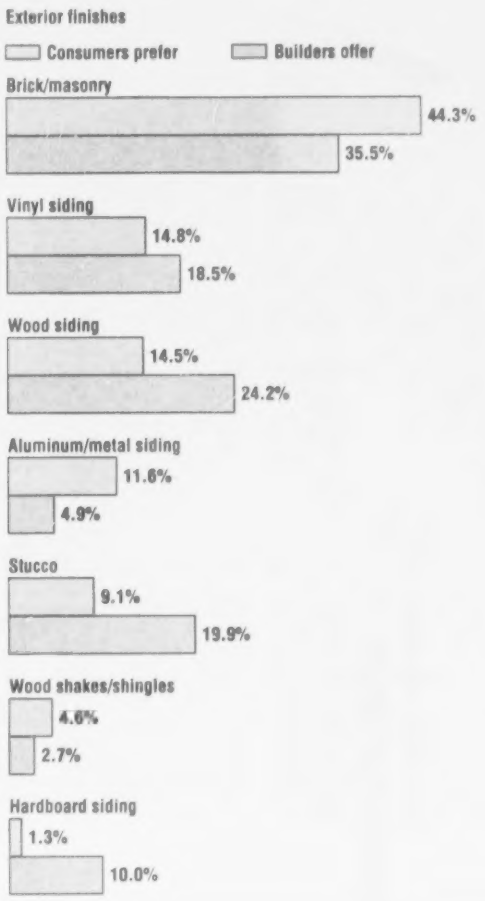
What Design Features Are Standard

Builders cater to buyers' tastes with a variety of design features, included in the purchase price. Cathedral ceilings have become a standard item in many best-selling models across the country.

Features	Builders offer
Cathedral ceilings	66.6%
Patio	65.0%
Covered entries	60.5%
Porch	60.0%
Extra storage space	52.4%
Raised, but flat ceilings	39.3%
Space for home office/hobbies	31.4%
Interior lofts and balconies	27.9%
Dramatic window treatments	22.4%
Built-in furniture	18.2%
Home entertainment center/theater	11.4%
Sun room	10.1%
Garden bath	8.1%
Home fitness center	2.2%

Brick Is Preferred Exterior Finish

A brick exterior is the most preferred finish for all consumers. In New England, buyers prefer vinyl siding, while in the Pacific states, wood siding is preferred.



Most Want Two-Car Garage

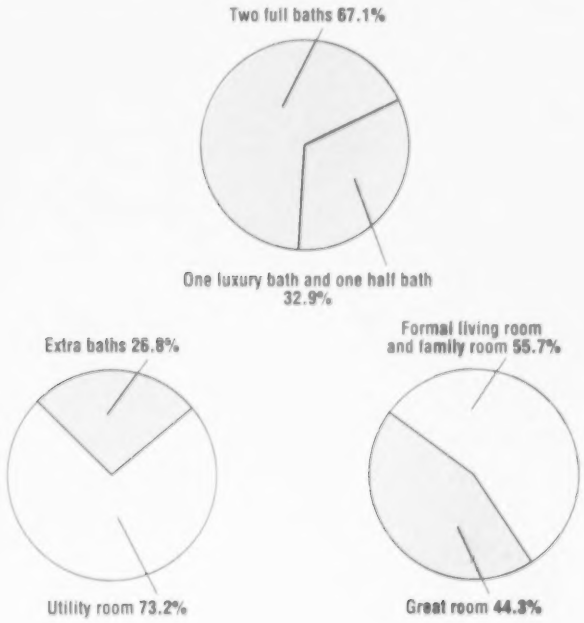
Both detached and attached buyers in every region prefer a two-car garage. In homes priced over $500,000, 57.6% expect at least a three-car garage.

Type of garage	Detached buyers	Attached buyers
One-car garage	12.0%	17.9%
1 1/2-car garage	4.9%	5.2%
Two-car garage	63.4%	46.2%
Three-or-more car garage	13.7%	5.2%
Carport	3.1%	13.9%

Sixty-eight percent of detached buyers would rather have a larger house, than upgraded amentities.

Room Size Tradeoffs

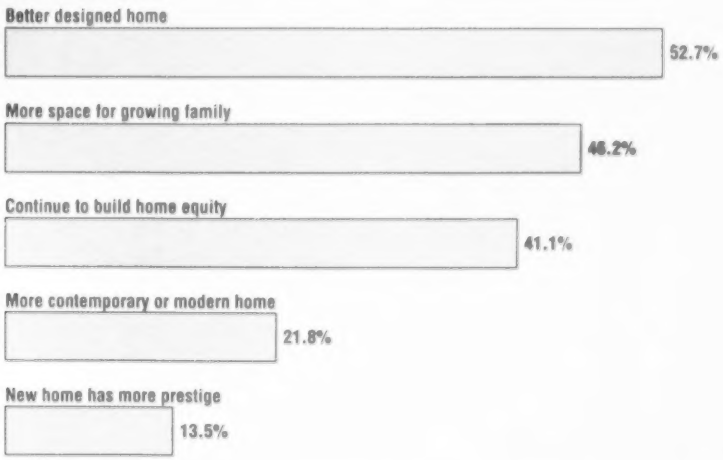
Where square footage is limited, buyers must choose what rooms or spaces are most important to them. Consumers were asked what choices they would make in each of the following cases. Responses were consistent among all buyer types, with the exception of retirees, who preferred a great room.


Two full baths 67.1%
One luxury bath and one half bath 32.9%
Extra baths 26.8%
Utility room 73.2%
Formal living room and family room 55.7%
Great room 44.3%

What Move-Up Buyers Want

Most move-up buyers are looking for better design and more space in a new home. There are some regional variances: in New England and the East North Central and South Atlantic states, continuing to build equity was chosen over the need for space.

Move-up motivations



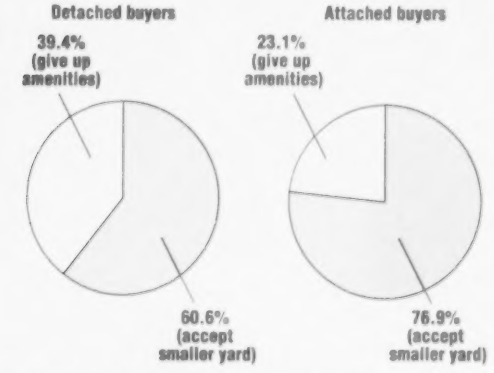
Lots Average Half An Acre

The average lot size offered by builders is 22,736 square feet (slightly more than a half-acre). Only in New England do more than 50% of builders offer an acre or more with their best-selling model.

Lot size offered with builders' best-selling model	
Under 8000 sq. ft.	18.0%
8000 to 10,999 sq. ft.	21.4%
11,000 to 13,999 sq. ft.	10.9%
14,000 to 19,999 sq. ft.	11.3%
20,000 to 39,999 sq. ft.	21.4%
40,000 to 99,999 sq. ft.	14.5%
100,000 sq. ft. and over	2.5%

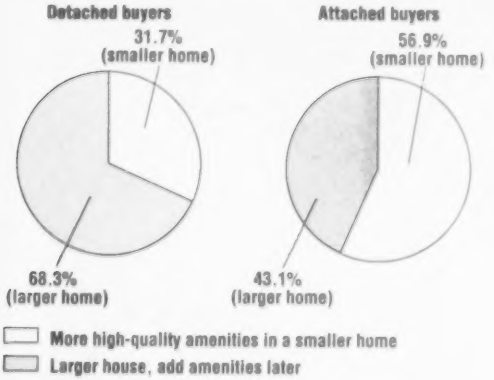
Amenities Preferred Over Land

Asked to choose between upgraded design and amenities, and a larger lot, both detached and attached buyers chose the amenities.


Detached buyers
39.4% (give up amenities)
60.6% (accept smaller yard)
Attached buyers
23.1% (give up amenities)
76.9% (accept smaller yard)
Upgrade design/amenities, accept a smaller yard
Give up amenities for a larger lot

Home Size Vs. Amenities?

Detached buyers say they would rather have a larger home, while attached buyers go for more amenities in a smaller home.



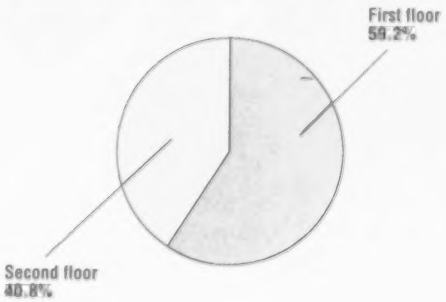
Storage Is A Hot Button

As in last year's survey, storage was ranked the most desirable design element in a new home, be it in the form of a pantry, closets or garage space.

Design elements	Consumers prefer
Linen closet	86.5%
Storage space in garage	80.1%
Pantry	76.2%
Patio	71.3%
Two closets in master suite	70.8%
Porch	69.2%
Space for family entertainment	66.9%
Covered entries	64.2%
Multi-purpose rooms	59.7%
Oversized master bath	47.3%
Cathedral ceilings	43.7%
Home office/hobby room	41.0%
Raised, flat ceilings	40.7%
Built-in furniture	36.5%
Space for formal entertaining	35.6%
Sun room	31.1%
Full-time home office	30.9%
Home entertainment center	29.8%
Dramatic window treatments	25.8%
Plant shelves/wall niches	21.5%
Interior lofts and balconies	19.7%
In-law suite	19.1%
Garden bathroom	16.6%
Home fitness center	16.6%

Most Want First-Floor Master Suite

Most consumers want the master suite on the first floor. Older buyers have a stronger preference for this arrangement.



Presentation

Most buyers are pleased with the workmanship and decorating of models, but almost 62% are turned off by sales tactics.

In the increasingly competitive world of new home marketing, first impressions are everything. Builders' sales offices and model homes reflect their commitment to quality and value. Even if models are unfurnished or only partially decorated, the presentation has to be first-rate.

Fully furnished and decorated models help visualize living in the home, say 53.8% of attached buyers. But 60.6% of detached buyers feel that unfurnished or partly decorated models are sufficient.

Give plenty of thought to floor plans and kitchen design. It's these two elements that make the strongest impression on prospective buyers.

Consumers, for the most part, are satisfied with the condition and workmanship of models, but not as impressed with salesmanship. Selling tactics turned off 61.8% of the buyers who visited model homes in the last six months. The attitude and approach of the sales staff turned off 56.3% of buyers. Cost is another big turn-off.

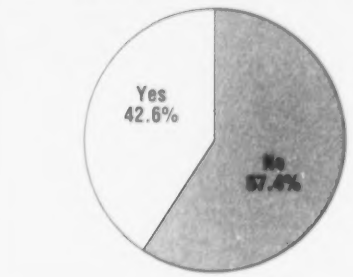
Potential customers may be walking out the door because your salespeople are too pushy, treat them like numbers instead of human beings, or display a lack of knowledge about the homes. You might try rating your sales staff according to the chart at far right.

Since nearly two-thirds of prospective home buyers get their information from real estate brokers, working closely with the brokerage community could make a big difference to a builder's sales. Open houses, incentive programs and other types of promotions have proven to be effective.

Also pay attention to your advertising, because the second most-used information source is newspaper and classified ads. Consumers don't necessarily need a lot of copy, but they do want to see what the house looks like. The price, floor plan, photo and description of the home are crucial elements of a real estate ad. □

How Important Is Decorating?

Overall, consumers feel that unfurnished or partially furnished models are sufficient. Empty nesters tend to prefer furnished models.



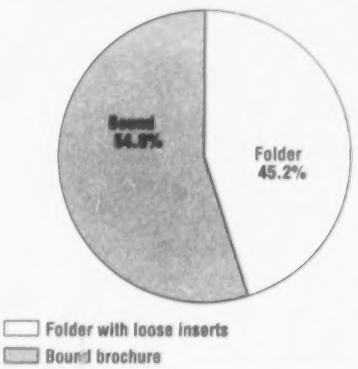
First Impressions Are Lasting

The kitchen and an open floor plan have the most effect on consumers visiting model homes.

What affects your impression of the entire house?	All consumers
Open floor plan	36.3%
Kitchen	33.3%
Master bedroom	12.0%
Living room	7.5%
Family room	7.1%
Entry	3.2%
Master bath	3.0%
Volume ceilings	2.2%
Other	4.3%

Put Effort Into Brochures

Bound brochures are more acceptable to consumers than folders with loose inserts.



Models Get Good Grades

While most consumers like the models and sales offices, many give the sales staff low marks. Cost is also a prohibitive factor.

Turned on buyers	
Condition of model	79.4%
Size of home	78.3%
Model decorating	70.3%
Workmanship of home	66.3%
Condition of sales office	62.5%
Turned off buyers	
Selling tactics	61.8%
Attitude/approach of sales staff	56.3%
Cost of home	58.5%

Tools For The Home Search

Real estate brokers and newspaper or classified ads are the most heavily used information sources. Many buyers seek a recommendation from friends.

Information sources for new homes	All consumers
Real estate broker	65.1%
Newspaper or classified ads	53.2%
Advice from friends	26.7%
Billboards/for-sale signs	19.9%
Parade of homes	12.1%
Direct mail from builders	4.7%
TV ads	1.8%
Cable TV	1.2%
Radio ads	0.5%

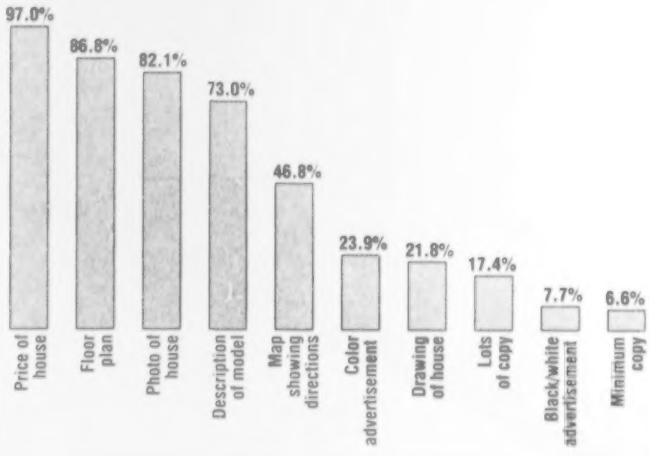
Do Your Salespeople Turn Buyers Off?

Consumers have high standards for salespeople in model homes. Try rating your sales staff, based on the chart below.

Did the sales staff:	Most	Some	Few
• Present the basic advantages of the home and community?	45.3%	40.3%	14.4%
• Point out hidden values of the home?	41.2%	40.7%	18.1%
• Point out benefits that the competition doesn't offer, without demeaning them?	19.5%	52.5%	28.0%
• Treat me like a person, with professionalism and honesty?	35.3%	49.0%	15.7%
• Use too much pressure, too pushy?	19.5%	43.4%	37.0%
• Show no interest in me as a customer?	14.2%	42.9%	42.9%
• Show they were not knowledgeable about the homes?	9.3%	48.8%	41.8%
• Ignore me and not make me feel welcome?	5.6%	37.0%	57.4%

Floor Plan, Price Should Be Advertised

A good real estate ad must include the price of the house, say 97% of consumers. Other important elements, summarized below, include a floor plan, photo and description.



Products

Consumer interest in intelligent house features is growing: 72.4% want security features, while 71.2% would like energy management features.

Builders must choose products for their new homes with as much forethought as they put into design and marketing. A good selection of products increases the buyer's perception of value.

For better or worse, consumers have come to believe that many products that would normally be options should be standard items in all price ranges. Their heightened expectations sometimes run ahead of industry practice. For example, 66.4% of consumers expect refrigerators to be a standard feature, but only 37.7% of builders include a refrigerator in the price of the home.

Today's savvy buyer is looking for a house that is intelligent, healthy, and safe. More consumers are showing a preference for intelligent house features such as security, energy management and communications, although only 24% of builders currently offer any kind of home control system.

Many builders offer some type of healthy home package. Dry basement, (a minimum level feature) is offered by 53.5% of builders, and 47.8% include no unvented appliances in the homes they build. Move-up buyers will pay the most for such features.

Including child safety features also gives builders a marketing edge. About 49% of consumers said they would pay extra for anti-scald devices in faucets; another 38.5% will pay extra for spring-loaded locks on receptacles.

Buyers are serious about the long-term benefits of energy-saving features and low-maintenance materials. About 65% said they would spend more money upfront to save in future heating and cooling costs. Nearly 56% would make the extra investment in low-maintenance materials to save more down the road.

You may gain a competitive edge by offering certain optional items as standard features in your new homes. The chart on the next page categorizes 74 options by price range. □

Standard Allowances For Products

Standard allowances for such items as lighting, plumbing fixtures, appliances and landscaping vary according to region. Averages for all builders are shown below.

Standard allowance for:	Detached	Attached
Lighting	$1663	$830
Plumbing fixtures	$3097	$1218
Appliances	$2582	$2390
Landscaping	$2824	$3346

Buyers Seek High I.Q.

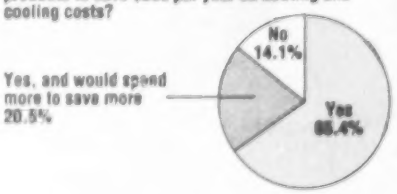
Though only 24% of builders offer them, consumers are showing a decided preference for intelligent house features. The chart below shows which features consumers definitely want or would like to have, and the average price they'll pay.

Intelligent house features	All consumers	Avg. price will pay
Security/safety	72.4%	$1020
Energy management	71.2%	$1070
Communications	48.4%	$661
Entertainment	45.7%	$864
Service/data	39.9%	$596

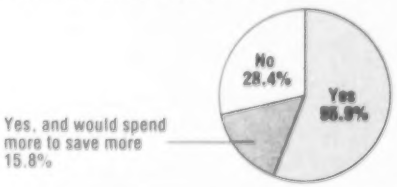
They'd Spend More To Save

To save money over the long term, the majority of buyers are willing to pay more upfront for energy-efficient products and low-maintenance materials.

Would you spend an extra $1500 for energy-efficient products to save $250 per year on heating and cooling costs?



Would you spend an extra $3000 on low-maintenance materials to save $500 per year on maintenance?



Safety First

Child safety features are important to all types of buyers. The chart below indicates features consumers would like to have in a new home.

Child safety features	All consumers
Anti-scald devices in faucets	49.2%
Spring-loaded locks on receptacles	38.5%
Monitoring intercom	26.3%
Lowered handrail and safety gate	26.0%
Rounded corners on countertops	12.6%

The Value Of A Healthy Home

The public's concern about environmental issues is reflected in a growing desire for healthy homes. In this year's survey, 64.2% say they definitely want or would like to have healthy home features. The tables below indicate the median price consumers will pay for those features and the percentage of builders who offer them.

Median price consumers will pay for healthy home features	
Move-up buyers	$1408
Singles	$1196
First-time buyers	$1062
Retirees	$1062
Empty nesters	$1000

Healthy home features	Builders offer
Dry basement	53.5%
No unvented appliances	47.8%
Whole house ventilation system	41.6%
Alternatives to potentially harmful building materials	28.5%
Humidity control	26.5%
Radon mitigation	25.0%
Filtration system	19.3%

Standard Features Buyers Expect

Kitchens and baths make a strong impression on the new home shopper. Builders and consumers agree, for the most part, on what features should be standard in those rooms. Bulleted items below indicate at least a 15 percentage point difference in opinion.

Kitchen features	Consumers want	Builders offer
Range/oven	91.7%	88.9%
Dishwasher	80.4%	94.8%
Vinyl floor covering	70.1%	69.6%
• Refrigerator	66.4%	37.7%
Pantry	65.8%	65.6%
Garbage disposal	64.2%	79.3%
Self-cleaning oven	63.7%	71.2%
Stainless steel sink	58.1%	60.3%
• Single-handle faucet	56.7%	85.1%
Two sinks	52.9%	41.0%
Fluorescent lighting	51.7%	48.5%
• Laminate countertop	45.2%	71.4%
Microwave oven	44.1%	56.4%
Enamel/porcelain sink	32.2%	37.6%
• Two-handle faucet	30.5%	9.2%
Ceramic tile countertop	30.2%	19.7%
Ceramic tile floors	21.1%	22.8%
Trash compactor	15.1%	15.3%
Ceramic tile walls	10.9%	6.6%
Carpeted floor	10.1%	5.8%

Bathroom features	Consumers want	Builders offer
• Medicine cabinet	87.1%	55.2%
Exhaust fan	85.7%	90.9%
Linen storage cabinets	78.5%	66.3%
Tub/shower door	67.9%	63.8%
Ceramic tile floors	50.7%	64.7%
Vanity with one bowl	49.9%	38.6%
Ceramic tile walls	45.7%	49.2%
• Safety features	40.6%	16.4%
• Vanity with two bowls	38.9%	62.2%
• Bathroom heater	38.3%	18.4%
White fixtures	36.3%	45.0%
• Colored fixtures	28.8%	49.2%
Dressing area	25.6%	32.0%
• Mirrored wall	23.2%	73.8%
Ceramic tile vanities	21.7%	30.6%
Skylight	21.3%	30.3%
Compartmentalized bath	17.7%	17.2%
• Whirlpool	14.6%	37.7%
Bidet	3.9%	4.2%
Sauna	1.4%	1.4%

About 82% of consumers will pay extra for a fireplace, an option 69.7% of builders offer as standard.

What Buyers Will Pay Extra For

Many builders have gained a competitive edge by offering, as standard, features that consumers will pay extra money for. The following list of options shows what buyers want and what's already included in the selling price.

$100 to $300 options	Consumers want	Builders offer
Energy-saving water heater	67.4%	71.6%
Smoke/fire alarm system	63.8%	82.1%
Ceiling fan	61.4%	55.8%
Self-cleaning oven	59.5%	69.5%
Outdoor lighting	51.6%	46.4%
Built-in antenna/wall jacks	51.1%	70.9%
Water-saving shower heads	39.6%	58.3%
Shower enclosure	37.7%	61.8%
Water-saving faucets	36.7%	51.0%
Dimmer switches	34.5%	33.6%
Clock-controlled thermostat	32.9%	22.7%
Closet organizers	31.2%	28.4%
Decorative exterior door	27.0%	64.8%
Gas outlet at fireplace	23.7%	33.2%
Exterior shutters	22.2%	45.7%
Patio grill	21.8%	1.9%
Sump pump	18.9%	25.3%
Separate cooktop	18.1%	—
Trash compactor	17.9%	12.3%
Mirrored doors	15.5%	—
Interior shutters	7.7%	2.1%

$300 to $500 options	Consumers want	Builders offer
Garage-door opener	54.8%	55.1%
Lawn-sprinkling system	41.8%	20.5%
Ceramic tile walls in bath	40.8%	32.5%
Storm door	40.7%	17.2%
Microwave oven	37.8%	50.1%
Built-in cabinets (not kitchen)	31.4%	24.0%
Power attic ventilator	30.5%	17.7%
Oversize bathtub	28.8%	37.8%
Ceramic tile entry	28.2%	48.7%
Patio privacy fence	24.2%	5.7%
Automatic humidifier	22.9%	9.6%
Greenhouse/planter window	22.4%	8.8%
Electronic air filter	20.0%	9.3%
Wood sliding/patio door	17.8%	77.1%

$500 to $800 options	Consumers want	Builders offer
Paved driveway	74.2%	76.1%
Refrigerator	57.2%	28.3%
Patio decking	46.2%	47.1%
Skylights	41.4%	41.5%
Extra large tub	27.6%	37.8%
Concrete patio	22.6%	52.3%

$800 to $1000 options	Consumers want	Builders offer
Upgraded carpeting	64.4%	27.2%
Double-glazed windows	49.2%	78.7%
Shelf system for closet	40.3%	49.3%
Water softener	24.1%	8.5%
Patio roof	23.8%	11.7%
Intercom system	14.7%	13.0%

$1000 to $1200 options	Consumers want	Builders offer
Zoned heating/cooling system	61.4%	48.2%
Laundry appliances	57.3%	11.5%
Central vacuum system	31.9%	15.5%
Wet bar	14.9%	17.4%
European-style cabinets	10.0%	17.7%

$1200 to $1500 options	Consumers want	Builders offer
Yard fencing	48.6%	14.8%
Tub and separate shower	47.2%	56.1%
Hardwood floors	46.4%	30.2%
Solar water heating	26.6%	0.8%
Kitchen barbecue grill/top	18.5%	16.1%

$1600 to $2000 options	Consumers want	Builders offer
Air conditioning	77.7%	73.0%
Storm windows	57.7%	22.0%
Burglar/security system	35.1%	19.3%
Insulated basement walls	29.4%	26.2%
Bay window	28.7%	34.8%
Front yard landscaping	26.1%	61.3%
Whirlpool bath	24.0%	32.9%
French doors	23.0%	36.8%
Sauna	7.0%	1.1%
Bidet	2.6%	3.2%

$3000 to $6000 options	Consumers want	Builders offer
Fireplace	82.5%	69.7%
Hot tub	26.5%	3.2%
Additional powder room	15.4%	23.7%

$6000 to $12,000 options	Consumers want	Builders offer
Complete landscaping	60.0%	63.0%
Screened porch or Florida room	56.8%	11.8%

$12,000 to $20,000 options	Consumers want	Builders offer
Recreation room in basement	54.5%	7.7%
Swimming pool	53.7%	3.0%

12 Consumer Markets To Target

A Geodemographic Analysis Of Today's New Home Buyers

Professional Builder & Remodeler's annual consumer survey report, outlined on the preceding 18 pages, documents what home shoppers will want in new housing next year. It is a revealing portrait of the general motivations, design preferences and product desires of today's typical home buyer.

This year, as symbolized by the photo profiles at right, *PB&R* has taken its research one step further to profile 12 specific consumer markets to target in 1992. To do this, *PB&R* commissioned Claritas L.P., an independent national target marketing company, to once again conduct a "Prizm" study similar to the one published in this magazine in December 1986.

Computerized results from *PB&R*'s consumer survey (conducted by National Family Opinion Inc.) have been combined with the Claritas "Prizm" geodemographic market segmentation system. The Prizm system employs a comprehensive selection of key Census Department variables to classify neighborhood or group lifestyles (detailed in the box at right). The concept is based on the principle that people with similar cultural backgrounds, means, perspectives, social values, tastes and expectations tend to live among their peers. And, these microgeographic neighborhoods or groups can be described in exhaustive detail with demographic data from the U.S. Census.

The active home shoppers responding to *PB&R*'s survey were divided into 12 Prizm classifications. Their responses to the survey questionnaire were then sorted by classification. The results—a complete profile of each of these key markets—is presented on the following pages. Included is a description of the market by age, education level, occupations, lifestyles, tastes, activities and buying patterns, as well as details on how these potential home buyers are unique.

To capitalize on this information, a builder need only know what areas his buyers are likely to come from and which of the 12 consumer profile segments predominate in those areas.

Copies of the complete Prizm report are available. Cost is $225 each. To order, send check or money order to *Professional Builder & Remodeler*, 1350 E. Touhy Ave., Des Plaines, Ill. 60018.

Photos Comstock

ROAD TO RECOVERY

A Market Segmentation System For New Home Buyers

PB&R has broken down the home buying market into 12 key buyer types based on lifestyle and neighborhood origin, as determined by the following Census Department variables:

- Average household size and household density of the area
- Predominant area type, whether city, suburb, town, or farm
- The area's ethnic character and ethnic diversity
- Family makeup (whether singles, married couples or families)
- Age distribution and makeup
- Education level
- Occupation and employment level (white collar, blue collar)
- Housing makeup of the area (whether predominantly detached or attached, owner occupied or renter occupied), and
- The social rank of the area based on a weighted composite of socioeconomic variables, including household income.

The Suburban Elite

This group, encompassing three distinct clusters, is characterized by top socioeconomic status, college-plus educations, executive and professional occupations, expensive owner-occupied housing and conspicuous consumption levels for many products, goods and services. Representing 5% of U.S. households, the Suburban Elite contains about 32% of the nation's $75,000-plus household incomes and an estimated third of its personal net worth. The first cluster represents America's wealthiest neighborhoods, populated by high-level managers, professionals and heirs to "old money." Another cluster is dominated by childless couples living in upscale townhouses, apartments and condos, who are sophisticated consumers of adult luxuries such as apparel, restaurants and travel. Finally, there are well-educated, mobile professionals and managers with the nation's highest incidence of teenage children, living in expensive new neighborhoods in the greenbelt suburbs.

These home shoppers prefer detached housing (70.5%) but a significant number live in townhouses (18.2%). Average price sought is $217,079 (median, $161,111). Average home size sought: 2209 square feet (median 2066 square feet). Desire three bedrooms, two-and-a-half baths, full basement, two-car garage. Could afford downpayment averaging $61,944 (median $40,000). Maximum monthly payment they can afford averages $1180 (median $1183).

What Makes These Buyers Different?

□ Lean strongly toward contemporary design (43.2%) and brick/masonry exterior finish (52.3%). Two-story houses are most popular (48.4%). Buyers say they would find attached housing acceptable if there was privacy at rear of unit (29%), a sense of neighborhood (25.8%) and sound control to exclude noise (25.8%). They find the aspect of low maintenance an appealing feature of attached homes (61.9%).

□ Would prefer to live either in close-in suburbs (48.4%) or outlying suburbs (45.2%).

□ Half of move-up buyers are purchasing a new home for more space. These affluent move-ups want a better designed home (56.3%) and the opportunity to continue building equity (56.3%).

□ Reasons to buy rather than rent: 88.4% said they wanted to own property as an investment to accumulate equity. Financial factors that influence them are applying payments to property owned (51.3%) and the tax shelter aspect (48.7%). Ownership conforms best to their lifestyle (60.5%), and provides security and privacy (55.3%).

□ The maximum commute to work these buyers will accept is between 30 and 45 minutes (36.6%).

□ Household usually consists of one wage earner (51.2%).

□ Strong believers in guarantee/warranties to judge the credibility of a builder's energy-saving claims (68.3%). They evaluate quality claims mainly through visual inspection (87.5%).

□ The three factors most important to home selection are price/affordability (52.3%), size (50%) and investment/appreciation value (47.7%).

□ Buyers would rather have a smaller lot, with upgraded design and amenities in the home, than a larger lot (73.8%). But they would prefer a larger home with fewer amenities to a smaller home with more amenities (55.8%).

□ Kitchen features strongly preferred include: range/oven (97.7%), dishwasher (93.2%), self-cleaning oven (79.5%), single-handle faucet (79.5%), pantry (77.3%), fluorescent lighting (63.6%), vinyl flooring (61.4%), microwave oven (59.1%), stainless steel sink (52.3%), refrigerator (50%) and two sinks (50%).

□ Bathroom features this group finds most desirable as standard items: medicine cabinet (90.9%), exhaust fan (86.4%), tub/shower door (86.4%), linen storage closet (79.5%), ceramic tile floors (68.2%), two-bowl vanity (61.4%), and ceramic tile walls (54.5%).

□ A luxurious master suite is a must for these buyers. Design elements they prefer: a walk-in closet (88.6%), private bath (88.6%), separation from other bedrooms (65.9%) and a dressing/make-up area (54.5%).

□ The Suburban Elite will pay extra for products and materials that make their homes easier to maintain (52.3%). They will pay for yard maintenance (38.6%), but many (41.9%) will not pay for exterior home care.

□ Optional features these consumers want include a paved driveway (89.2%), fireplace (87.1%), air conditioning (86.5%), complete landscaping (77.3%), tub and separate shower (69.7%), swimming pool (69.2%), and zoned heating/cooling (62.5%).

□ Environmental issues, such as the saving of trees and endangered species, are somewhat important to 48.8% of buyers. Almost 56% would really like to have healthy home features. The average price they will pay for such features is $1889 (median, $1611).

□ Design elements that excite these consumers include raised ceilings (58.5%) and cathedral ceilings (57.1%), multi-purpose rooms (52.4%), covered entries (61.9%), porches (63.4%), patios (65.9%), garage storage (85.7%), pantries (81%), linen closets (85.7%), two closets in the master suite (76.2%), space for family entertaining (70.7%), space for a part-time office or adult hobbies (57.5%), and an oversized master bath (63.4%).

□ Suburban Elite buyers see equity-building potential as the most important attribute of a new home (64.3%). The next two most important attributes are quality (58.5%) and neighborhood (46.3%).

□ Intelligent house features greatly interest these buyers. Most desirable are security (87.8%) and energy-management features (65.8%). Consumers would pay an average of $1226 (median, $946) for security features and an average of $1210 (median, $770) for energy-management features.

□ Most buyers get information about new homes from real estate brokers (69%), and newspaper and classified ads (59.5%). □

The Affluentials

The three clusters in this group typify a major U.S. trend toward pre- and post-child communities, with predominantly one- and two-person households surrounding closed and half-filled schools. While significantly below the Suburban Elite in socioeconomic level, this group displays all of the characteristics of success, including high-end educations, incomes, white-collar occupations and home values, with consumption levels to match. Cluster 1 is in the empty-nester mode, typified by good educations and double incomes. Cluster 2 has a high concentration of foreign-born European ethnics and is somewhat older, with even fewer children, and more dense, with a higher incidence of renters in high-rise buildings, mostly living in the Northeast. Cluster 3, skewed to the new West, includes young, metropolitan sophisticates with exceptional high-tech, white-collar employment levels.

Detached homes are preferred by 74.6%. Average price sought: $161,039 (median, $132,894). Average home size sought: 1894 square feet (median, 1743 square feet). This group wants three bedrooms, two bathrooms, a full basement, and a two-car garage. About 30% have owned two homes. Could afford downpayment averaging $48,683 (median, $24,500) and maximum monthly payment averaging $992 (median, $968).

What Makes These Buyers Different?

□ Strong preference for traditional architecture (40.3%) and brick/masonry exteriors (37.7%). Single-level home is preferred by 36.2%, two-story plan by 29.8%, with the master bedroom on the second floor (55%).

□ Affluentials prefer to live in outlying suburbs (41.3%) or close-in suburbs (37%).

□ More space (68.2%) is cited by move-ups as the element that most influences them to buy a new house. The second is a master retreat—a master bedroom with sitting area, walk-in closet and private bath (40.9%).

□ This group's parents were homeowners, according to 91.3%. Affluentials who currently rent pay an average of $645 per month (median, $600). Renters dislike the fact that they get nothing for their money (78.3%), but 73.9% like the low-maintenance aspect.

□ The maximum commute to work these buyers will accept is 30 to 45 minutes (36.6%).

□ Households usually consist of two wage earners (55.7%). This group evaluates a builder's claims of quality and energy savings through visual inspection (quality, 71.7%; energy, 62.7%). The three top criteria for home selection are size (55.7%), price (55.7%) and investment/appreciation value (42.6%).

□ Overall, only 23.3% said they would be interested in adaptable housing features. But 42.9% of those buying a home for retirement or pending retirement expressed a desire for such features.

□ Energy-saving features are important to these buyers. About 69% said they would spend an extra $1500 at the time of construction for additional energy-efficient products or features, in order to save $250 a year in heating and cooling costs.

□ In the kitchen, they show an above-average preference for a range/oven (93.5%), dishwasher (91.9%), garbage disposal (83.9%), single-handle faucet (71%), self-cleaning oven (66.1%) and vinyl flooring (64.5%).

□ In the bath, strongly preferred features include a medicine cabinet (91.9%), exhaust fan (83.9%), tub/shower door (79%), linen storage (71%), and white fixtures (51.6%).

□ In the master suite, these buyers prefer a walk-in closet (80.6%) and private bath (74.2%).

□ A little over 54% would pay an extra $3000 for low-maintenance materials to save an average of $500 a year in maintenance costs. They will pay extra for yard maintenance (37.9%), but fewer will pay for exterior home care (29.3%).

□ Among optional features, Affluentials show an above-average preference for: smoke/fire alarm system (67.7%), garage-door opener (62.9%), hardwood floors (59.6%), and a recreation room in the basement (58.3%).

□ Environmental issues are somewhat important to 47.6% of buyers. Healthy house features are desirable to 53.2%, who are willing to pay an average of $1716 (median, $1521) for those features.

□ Design features that turn these buyers on include: linen closet (90.3%), garage storage (86.9%), space for family entertainment (77%), pantry (76.7%), two closets in the master suite (74.2%), patio (73.3%), porch (71.7%), covered entry (67.8%), multi-purpose rooms (63.9%).

□ Neighborhood is the most important factor in new home selection, say 56.5%. Next on the list of attributes is value (55.6%), followed by security (54.1%), quality (39.7%) and low maintenance (35.5%).

□ Affluentials rate intelligent house features highly, particularly security and energy-management features. The median price they would pay for various features: $497 for entertainment; $966 for security; $826 for energy management; $491 for communications; and $482 for service/data.

□ Affluentials are informed about the impact of regulations on the cost of new housing. They estimate that regulations add an average of $6312 to the cost of each new home (median, $3866).

□ Real estate brokers are the most often-used source of information about new homes for sale, according to 61.9%. Newspaper and classified ads are also heavily used in the home search (61.9%).

□ Aspects of a model home that make the strongest impression on buyers are an open floor plan (35.9%) and the kitchen (23.1%). Buyers prefer a bound brochure to a folder with loose inserts (62.2%).

□ Elements of a real estate ad that are most important to Affluentials: price (95%), photo (88.3%), plan (81.7%) and description (71.7%). □

Greenbelt Families

The two clusters in this group represent our newest minority, the nuclear family: Mom, Dad, and the kids. In this case, the families are upscale. Both clusters show high indices for married couples, school-age children, double incomes, two or more cars, and single-unit, owner-occupied suburban housing—in short, the essence of the traditional American dream. Cluster 1, Young Suburbia, runs to large, young families. Neighborhoods are distinguished by their relative affluence and high white-collar employment levels. They are strong consumers of most family products. Cluster 2, Blue-Chip Blues, is similar to Young Suburbia except for social rank, its predominant high school educations and blue-collar occupations being reflected in fewer high-end incomes and lower home values. However, high employment and double incomes yield similar discretionary spending patterns and make this cluster an outstanding market.

Both clusters prefer detached homes (Young Suburbia, 82.9%; Blue-Chip Blues, 86.3%). Average price of $149,013 for the first group (median, $145,454) and $123,558 for the second (median, $110,294). Young Suburbia seeks average size of 2117 square feet (median, 2000 square feet). Blue-Chip Blues seeks average size of 1936 square feet (median, 1854 square feet). Both prefer 3 bedrooms. Cluster 1 favors two-and-a-half bathrooms but Cluster 2 prefers two bathrooms. Full basement and two-car garage desirable to both. Young Suburbia can afford average downpayment of $40,602 (median, $30,000). Blue-Chip Blues can pay an average of $25,061 (median, $16,250) for downpayment. Maximum monthly payment for first group: average, $1050; median, $985; for second, average, $942, median, $854.

What Makes These Buyers Different?

□ Both groups like traditional architecture (Young Suburbia, 54.4%; Blue-Chip Blues, 51%), and two-story houses (39.7% and 40.9%, respectively). Brick is the preferred exterior finish (55.1%, 46%).

□ Both groups would prefer to live in outlying suburbs (53.4%, 52.3%).

□ These consumers are moving up due to a need for more space (56.3%, 60.9%). Young Suburbia is looking for better design (50%) in a larger home (50%). Blue-Chip Blues want a larger home (47.4%) and the ability to continue building equity (47.4%).

□ Price is the primary factor determining Young Suburbia's buying decisions (54.5%), but Blue-Chip Blues are more concerned about the monthly payment (44%).

□ Both groups prefer a short commute to work: 15 to 30 minutes (46.9%, 33.3%).

□ Households usually consist of two wage earners (56.7%, 67.3%).

□ Guarantees or warranties are the preferred method of evaluating a builder's energy-saving claims (77.9%, 68.8%). Buyers determine quality through visual inspection (82.8%, 87.8%).

□ The factors most important in their selection of a home are size (47.8%, 56.9%), price (47.8%, 52.9%) and style (44.9%, 35.3%).

□ Overall, only 23.5% of Young Suburbia and 13.7% of Blue-Chip Blues are interested in adaptable housing features. But those buying a home for retirement or pending retirement are considerably more interested (62.5%, 57.1%).

□ Buyers would pay more up front for energy-efficient features that would save them money over the long term (57.6%, 66%).

□ Kitchen features they strongly prefer include: range/oven (95.7%, 92.2%), dishwasher (92.8%, 82.4%), self-cleaning oven (73.9%, 70.6%) and garbage disposal (81.2%, 82.4%).

□ Bathroom features strongly preferred include: exhaust fan (97.1%, 96.1%), medicine cabinet (84.1%, 92.2%), linen-storage closet (82.6%, 78.4%), tub/shower door (78.3%, 60.8%) and ceramic tile floors (60.9%, 51%).

□ Both groups are willing to pay more for low-maintenance materials (54.5%, 53.1%). But they will not pay extra for yard maintenance (50.7%, 64.7%) or exterior home care (50.7%, 72%).

□ Optional features they want include a swimming pool (65.4%, 61.1%), complete landscaping (60%, 60.9%), fireplace (88%, 78.8%), air conditioning (88.1%, 72.9%) and yard fencing (57.9%, 58.8%).

□ Environmental issues are very important to Young Suburbia (47.8%) but only somewhat important to Blue-Chip Blues (56.9%). They would really like to have healthy home features (46.4%, 43.1%). Young Suburbia would pay an average of $1579 (median, $1368) for healthy home features. Blue-Chip Blues would pay an average of $1618 (median, $1366).

□ Insured warranties are very important to these consumers (49.3%, 60.8%). Young Suburbia would consider buying a home without a warranty (54.4%), but 60% of Blue-Chip Blues would not.

□ Design elements that turn them on include: multipurpose rooms (65.7%, 64.7%), covered entries (59.1%, 70.6%), porch (66.7%, 71.4%), patio (72.7%, 82%), garage storage (84.8%, 90.2%), pantry (80.3%, 76%) and linen closet (88.1%, 88.2%).

□ Value is the most important attribute of a new home (61.8%, 56%), followed by quality (47.8%, 46%) and security (42%, 44%).

□ Certain intelligent house features appeal to these buyers more than others; for example, security (67.2%, 78.4%) and energy management (71.7%, 66.7%).

□ Child-safety features are also important. Most requested are anti-scald devices for faucets, preferred by 55.9% of Young Suburbia and 53.3% of Blue-Chip Blues.

□ An open floor plan in a model home makes the strongest impression, according to 45.8% in the Young Suburbia cluster and 41.2% of Blue-Chip Blues. Group one prefers a folder with loose inserts (52.1%) while group two prefers a bound brochure (61.8%). □

Urban Gentry

This group is characterized by millions of young, white-collar couples and singles (many divorced and separated), dense mid- and high-rise housing, upscale socioeconomic status, cosmopolitan lifestyles, big-city universities and students, and high concentrations of the foreign-born. Clusters include: the Urban Gold Coast, having the highest concentration of one-person households in high-rises and the lowest incidence of auto ownership; the Bohemian Mix, a largely integrated, singles-dominated, high-rise hodgepodge of occupations and races; Black Enterprise, with neighborhoods that are nearly 70% black, family-oriented and upper-middle class, with median household incomes well above average, and New Beginnings, strongly concentrated in the West, with a predominant age range of 18 to 34 and a mode that is pre-child, with employment concentrated in lower-level white-collar and clerical jobs.

Buyers favor a detached house (62.3%) but will also consider townhouses (13.2%) and high-rise apartments (11.3%). Average price sought: $125,641 (median, $108,928). Average home size sought: 1832 square feet (median, 1800 square feet). Desire three bedrooms (55.8%), two bathrooms (37.7%), full basement (75.8%), two-car garage (56.6%). Could afford downpayment averaging $33,552 (median, $20,000). Maximum monthly payment they can afford averages $946 (median, $875).

What Makes These Buyers Different?

□ The Urban Gentry is split between traditional and contemporary (42.3% preferred each style). Brick is the preferred exterior finish by 48.1%, and they lean toward a single-level house (39.4%). Would find attached acceptable if there was privacy at the rear of the unit (36.4%). Low maintenance is an attractive feature to those who prefer attached housing (61.5%).

□ This group prefers to live in close-in suburbs (40.6%).

□ Half are moving up because they need more space. Another 37.5% said it was time for a change. Move-ups want a better designed home (57.1%).

□ Renters are paying an average of $507 per month (median, $465). Water is usually included in rent (68.4%). Their rent has been raised an average of $43 (median, $45) in the last two years. Renters complain they get nothing for their money (90%), but like having less maintenance to worry about (63.2%).

□ Applying payments to property they own is a significant financial reason to buy, according to 60.8%. Security and privacy are lifestyle reasons to buy (74.5%). Price influences 50% in this group when it comes time to make a buying decision; another 32.7% consider the monthly payment.

□ The Urban Gentry want to commute no more than 15 to 30 minutes to their jobs (42.9%).

□ One wage earner provides the household income (56.9%).

□ They evaluate both energy-saving and quality claims through visual inspection of the home (60.4% and 72.5%, respectively).

□ Size (56.6%), price (58.5%) and the home's investment/appreciation value (47.2%) are the three most important selection criteria.

□ Buyers would prefer a smaller lot and upgraded amenities in the home to a larger lot with fewer amenities (68.1%). But they would take a larger house, with fewer amenities, over less square footage and more amenities (66.7%). Two full baths are preferred over a luxury bath and a half bath (66%), a utility room over extra baths (75.2%), and a great room over a formal living room and family room (59.1%).

□ Kitchen features they prefer include: range/oven (92.5%), dishwasher (84.9%), refrigerator (77.4%), vinyl flooring (66%) and garbage disposal (73.6%).

□ Bathroom features they prefer include: medicine cabinet (90.6%), exhaust fan (79.2%), tub/shower door (73.6%) and linen-storage cabinets (71.7%).

□ The Urban Gentry will pay more for low-maintenance materials (51%), but 50% said they would not pay extra for yard maintenance, and 52.9% declined to pay extra for exterior home care.

□ Optional features these buyers prefer include: swimming pool (61.1%), complete landscaping (65.2%), fireplace (82.9%), air conditioning (72.3%), laundry appliances (61.9%) and upgraded carpeting (79.5%).

□ Environmental issues are very important to 54.7%. Nearly 53% said they would really like to have healthy house features, for which they would pay an average of $1473 (median, $1264).

□ An insured warranty is very important to 44.2% of buyers.

□ Most desirable design elements include: cathedral ceilings (51.9%), two closets in master suite (65.4%) and space for family entertaining (64.2%).

□ Security and energy management are the two most desirable intelligent house features (69.8% and 76.9%, respectively). Buyers would pay an average of $968 (median, $797) for security features and $1017 (median, $769) for energy-management features.

□ Spring-loaded locks on electrical receptacles are the most desirable child-safety feature (44.1%), followed by anti-scald devices in faucets (38.2%).

□ Buyers feel that building regulations add an average of $5254 to the cost of a new house (median, $3384).

□ Does model merchandising sway the buying decision? No, said 62.3% of consumers. But they liked model decorating (76.9%), size (76.9%), workmanship (69.2%), and condition (80%), as well as the sales office (54.2%) and attitude of the sales staff (52%). Turnoffs were cost (53.8%) and selling tactics (64%).

□ The kitchen makes the strongest impression on buyers visiting model homes, according to 33.3%. And 60% prefer a bound brochure to a folder with loose inserts.

□ Good real estate ads should include price (96.2%), floor plan (84.9%) and a photo (73.6%). □

Exurban Boom

This group is primarily found in America's younger boom towns or in the satellite towns and exurbs far beyond major metros. Other shared characteristics are young, white-collar adults, extremely high mobility rates, and new, low-density, single-unit housing. One cluster are white-collar neighborhoods located outside major metros. The residents are highly mobile, well-educated "frontier types" who have opted to live in beautiful mountain and coastal areas. A second, similar cluster eight rungs lower on the socioeconomic scale shows peak concentrations of military personnel and has a strong western skew. A third cluster is located in America's midscale college towns. It shows extreme concentrations of age 18-to-24 singles and students in group quarters, high educational, professional and technical levels, and a taste for prestige products in contrast with modest incomes and home values.

Exurban Boom buyers strongly prefer detached homes (81.7%). Average price sought is $114,904. Average home size sought: 1905 square feet (median 1832 square feet). Desire three bedrooms, two baths, a full basement, two-car garage. Could afford downpayment averaging $28,791. Maximum monthly payment they can afford averages $768 (median $696).

What Makes These Buyers Different?

□ Exurban Boom buyers prefer to live in outlying suburbs (35%), rural areas (34%) or in close-in suburbs (25.2%).

□ For those who rent, the average monthly rent is $423 (median, $362.) Most (57.1%) had to pay extra for all utilities. Their rents rose an average of $40 in the last two years. Exurban Boom renters dislike renting because they get nothing for the money (86.2%). They like renting because less maintenance is involved (60%).

□ Reasons to buy rather than rent: 75.9% say they want to own property as an investment to accumulate equity. Financial factors that influence them are applying payments to property owned (65.3%) and building equity (37.3%). Another key reason to buy is to gain security/privacy (65%) and ownership best conforms to their lifestyle (48.3%). Price (46%) and the monthly payment (41.1%) are the two big factors affecting their decision to buy.

□ The maximum commute to work Exurban Boom buyers will accept is 15 to 30 minutes (39.8%).

□ These households usually consist of two wage earners (56.2%).

□ These buyers have to see to believe: visual inspection is the primary method used to judge a builder's energy claims (67.7%), as well as quality claims (83.2%).

□ The three factors most important in the selection of a home are size (62.7%), the price (58.7%) and its style/appearance (39.7%).

□ If forced to decide between two options, buyers will take upgraded amenities in lieu of a larger lot (68.1%); they'll opt for a larger home over upgraded amenities (67%); they'll take two full baths instead of one luxury bath (73.9%); they'll choose a utility room instead of an extra bath (75.2%); and 53.6% said they'd take a formal living/family room set-up instead of a great room.

□ More than one-fourth (26.2%) of Exurban Boom buyers are interested in adaptable house features such as wider doorways, ramps and space for a wheelchair under sinks. But half of those buying a home for retirement are interested in adaptability features.

□ Over two-thirds of these buyers will pay more up front for energy-efficient features that will save money over the long haul.

□ Standard bathroom features most popular with this group include: exhaust fans (88%), a medicine cabinet (81.6%), linen storage (76.8%) and a tub/shower door (64%).

□ The top kitchen features Exurban Boom buyers want as standard: a range/oven (85.6%), a dishwasher (83.2%), a pantry (75.2%) and vinyl flooring (73.6%).

□ The master bedroom suite should feature a private bath (85.6%), a walk-in closet (80%) and separation from the home's other bedrooms (56%).

□ Exurban Boom buyers will pay extra for low maintenance features (56.9%), but most won't pay for yard maintenance (54.4%) or exterior home care (50.4%).

□ Optional features most desired include a fireplace (83.5%), air conditioning (73%), a basement rec room (65.7%), landscaping (60.7%), laundry appliances (58.9%) and yard fencing (52%).

□ Environmental considerations (saving trees and/or endangered species) are very important to 44.4% of Exurban Boom buyers. On the other hand, over 43% say they can live without healthy home features. Those who desire a healthy house (41.6%) would pay an average of $1519 for these features.

□ An insured warranty is very important to over half (51.2%) of these buyers.

□ Design elements that appeal to these buyers include linen closets (91.1%), pantries (79.3%), garage storage (77.7%), a patio (72.3%), double closets in the master suite (68.9%), a porch (67.5%), family entertaining areas (65.3%), multi-purpose rooms (64.2%) and covered entries (62%).

□ The most important attribute of a home for these buyers is its value in building equity (67.8%), as well as security (50%).

□ Nearly three-fourths of these buyers are interested in intelligent house energy-management features, and two-thirds are intrigued by this technology's security aspect as well. On average, they'd pay about $1000 for energy features, and $876 for security. More than half want child-safe anti-scald devices in the homes, as well.

□ Nearly two-thirds of these buyers get information about new homes from brokers (62.6%) and newspaper ads (61%). □

Suburban Elders

This group represents a continuing trend toward post-child communities. It includes many aging couples, widows and retirees on pensions and Social Security. One cluster lives in the old suburban "WWII-tract-housing" white-collar neighborhoods concentrated in the Northeast. These are aging couples in comfortable, middle-class homes. Employment levels are still high with many double incomes. A second, related cluster is five rungs lower on the socioeconomic scale. These people live in blue-collar neighborhoods of aged duplex rows and multi-unit "railroad" flats. A third cluster are the two million senior citizens who have retired among their peers in Sun Belt communities in the South Atlantic and Pacific regions. These are the nation's most affluent elderly, retired and widowed neighborhoods, living in mixed multi-units, condos and mobile homes on non-salaried incomes.

These home shoppers prefer detached (80.4%) but will take a duplex (8.9%). Average price sought is $119,312. Average home size sought: 1866 square feet (median 1800 square feet). Desire three bedrooms, two baths, full basement, two-car garage. Could afford downpayment averaging $40,510. Maximum monthly payment they can afford averages $768 (median $696).

What Makes These Buyers Different?

□ Suburban Elders have a preference for contemporary architecture (40.7%) and a brick exterior finish (48.1%). Both single-level (40.9%) and two-story (38.6%) home styles are popular with this segment. These buyers might consider an attached home if it has a sense of neighborhood (34.1%) and has a design that controls noise (27.3%). For those already predisposed to attached, the features of low maintenance and recreational amenities are the big appeal.

□ For this category of consumers, an outlying suburb (43.2%) is the most preferred area to live in.

□ Renters in this category have an average monthly rent of $388. The rent usually includes water (61.5%) and has been raised an average of $28 (median, $38) in the last two years. Renters in this category dislike renting because they get no equity for the money (92.3%), though they like the low maintenance aspect of being a tenant.

□ The key financial reason for Suburban Elders to buy a home is to apply payments to property ownership (49.1%) and create a nest egg (45.3%). They also buy for a sense of security/privacy (63.6%) and because ownership conforms best to their lifestyle (52.7%).

□ Exactly half of the households in the Suburban Elders group have one income; the other half are two-income families. The most important factors in selecting a home are its size (58.2%), its price (54.5%) and its style (40%). These buyers want a warranty from a builder to back up claims of energy efficiency (76.4%) yet prefer to rely on visual inspection to check out quality claims (74.5%).

□ Given the choice of upgraded amenities and a smaller lot versus few amenities and a larger lot, 64% of Suburban Elders will take the amenities. But 56% would prefer a larger home to a smaller home with more amenities. Two full baths are preferred over one large luxury bath (64.6%); a utility room is preferred over an extra bathroom (68.1%), and formal living/family room is preferred over a great room (55.1%).

□ Overall, 24.1% of Suburban Elders are interested in adaptable house features, although interest swells to 66.7% among those in this segment who are contemplating a home for their retirement years.

□ Energy-saving features are of interest to 67.9% who said they'd pay $1500 up front to save $250 annually in heating/cooling costs.

□ Top bath features desired as standard: a medicine cabinet (89.3%), exhaust fan (82.1%), linen storage (75%) and a tub/shower door (62.5%).

□ Kitchen features most desirable as standard items include a range/oven (89.3%), dishwasher (76.8%), refrigerator (69.6%) and a self-cleaning oven (66.1%).

□ The most important standard items for master bedrooms: a walk-in closet (73.2%), a private bath (69.6%) and a sense of separation from the other bedrooms (60.7%).

□ Over 60% of Suburban Elders will pay for low-maintenance products, but an equal number say they aren't interested in yard maintenance.

□ Optional features most desired by this buying segment include a fireplace (72.9%), a screened porch or "Florida Room" (73.3%), air conditioning (72.9%), a basement rec room (54.5%) and yard fencing (51.3%).

□ Environmental considerations are only "somewhat important" according to 42.9% of Suburban Elders. On the other hand, over a third said they'd like healthy home features, and on average, are willing to pay $1521 for them. What's more, 49.1% consider a warranty to be very important.

□ Design features that rate high with Suburban Elders include garage storage (86.8%), a linen closet (84.9%), two closets in the master suite (76.5%), a patio (75.5%), a porch (71.1%), a covered entry (67.9%) and multi-purpose rooms (67.3%). Plant shelves (11.3%) and interior lofts (15.7%) rate fairly low.

□ Security is of the utmost importance in a purchase, according to 62.3% of this group.

□ Similarly, the intelligent house features that are most appealing revolve around security questions, though interest is also high in energy-management features. The child-safe design feature that is most popular with this group is an anti-scald device for faucets (64.4%).

□ Based on past house hunting, members of this group are generally pleased with the size, workmanship and overall condition of models they've seen. What turns them off is sales staff attitude and tactics.

□ For Suburban Elders, the most important element in a new home ad is price. These buyers prefer a brochure designed as a folder (55.6%). □

Satellite Blues

The three clusters in this group might be described as America's blue-collar baby factories. These neighborhoods are very middle class and married. They show high indices for large families, household incomes close to the U.S. mean, and owner-occupied single-unit houses in factory towns and remote suburbs of industrial metros. While anchored in the Midwest, Satellite Blues are broadly distributed across the nation. Cluster 1, Blue-Collar Nursery, leads the nation in craftsmen and is number one in married couples with children and households of three or more, residing in low-density satellite towns and suburbs of smaller industrial cities. Cluster 2, Middle America, is composed of midsized, middle-class satellite suburbs and towns, centered in the Great Lakes industrial region. Cluster 3, Coalburg & Corntown, is concentrated in small cities (such as Terre Haute, Ind., and Lima, Ohio) and surrounded by rich farmland.

Though Satellite Blues prefer detached housing (77.5%), they also show a higher-than-average preference for specialty housing, such as log, dome and cedar homes (8.8%). Average price sought: $103,112 (median, $88,000). Average home size sought: 1955 square feet (median, 1883 square feet). Desire three bedrooms, two baths, full basement, two-car garage. Purchased present home six years ago for average of $64,648; expect to sell it now for $96,321. Could afford downpayment averaging $25,289 (median, $20,000) and maximum monthly payment averaging $752.

What Makes These Buyers Different?

□ Traditional design is preferred by 39.5%; brick/masonry exterior is preferred by 34.6%. Single-level plans are most popular (44.3%) with master bedroom on first floor (64.1%). Would accept an attached house if it had energy-saving features (30.5%).

□ Prefer to live in rural areas (43.5%) and wish to commute no more than 15 to 30 minutes to work (39.5%).

□ About one-fourth of Satellite Blues buyers are moving up for the second or third time.

□ Those who are delaying a home purchase say it's because they were waiting for their salary to increase (25%), saving for a downpayment (25%), or trying to find affordable monthly payments (25%).

□ Those who are ready to buy say they are primarily interested in the security/privacy aspects of ownership (65.4%) and that it best conforms to their lifestyle (50%). Their decision will hinge on two factors: price (50.6%) and the monthly payment (44.3%).

□ By and large, these Satellite Blues households have two wage earners contributing income (53.2%).

□ When evaluating a builder's energy performance claims, these buyers want warranties/guaranties as evidence (76.6%). However, when it comes to quality, these buyers want a visual inspection (78.4%).

□ If given a choice between two options: 52.7% will accept upgraded amenities instead of a larger lot; however, they'll trade off extra amenities for a larger home (57.1%); they'd prefer two full baths instead of a luxury/half-bath combo (54.1%).

□ Only 20% of these buyers are interested in adaptable home features—a figure that only inches up to 30% for those considering the house as a retirement residence. On the other hand, 65.4% will make a $1500 investment in energy-saving products now to save money later on.

□ Bathroom features these buyers want as standard include exhaust fan (89.7%), a medicine cabinet (87.2%), linen storage (79.5%), a tub/shower door (65.4%) and a one-bowl vanity (61.5%).

□ In the kitchen, these buyers expect: a range/oven (83.5%), a vinyl floor (74.7%), a dishwasher (64.6%), a stainless steel sink (64.6%) and a refrigerator (59.5%).

□ In the master bedroom suite, they look for a walk-in closet (75.9%), a private bath (72.2%) and a sense of separation from other bedrooms (60.8%).

□ Key optional products for Satellite Blues buyers are a fireplace (87.8%), air conditioning (79.7%), carpet upgrades (67.2%), a screened porch (64.9%) and zoned heating/cooling (63.6%).

□ The environmental considerations of home building are "very important" to 48.1% of these shoppers. More than 57% of these consumers would like to have healthy home features, and are willing to pay, on average, $1490 for them. A warranty was rated just "somewhat" important by 46.8%, although 51.3% said they would not consider buying a home without one.

□ Home design features rated most desirable include a linen closet (80%), garage storage (76.3%), a pantry (75%), a porch (68.8%), family entertaining space (60%), a patio (60%), a covered entry (60%) and multipurpose rooms (50%).

□ Key considerations in the selection of a home are its ability to build equity/increase in value (59.2%), its quality (56%) and the surrounding neighborhood (50.7%).

□ The appeal of intelligent house technology is moderately high for this group, with particular interest shown for the energy and security-management functions. On average, Satellite Blues buyers would pay about $960 to $980 for these functions.

□ Anti-scald devices in faucets a child-safety feature, has the most appeal for about half of these buyers.

□ A merchandised model is not considered essential by 61.5%, though the model's size and overall condition is critically important to 83%. The most important model home feature that creates a positive impression is an open floor plan (36.2%).

□ Brokers are the most common source of new home information (67.9%) for these buyers. Satellite Blues buyers prefer a bound brochure (60.4%) over folders with loose sheets.

□ Advertising that is most effective displays the price (97.5%), a plan (92.4%), a photo (83.5%) and a description (72.2%). □

Mid-City Mix

The four clusters of this group encompass densely urban, middle-class neighborhoods, mainly composed of duplex rows and multi-unit rented flats built more than 30 years ago in second-city centers and major-market fringes. The group shows high concentrations of foreign-born, working women, clerical and service occupations, and singles and widows in one-person households. One cluster is the New Melting Pot, where the old European stock is giving way to immigrants of Hispanic, Asian and Middle Eastern origins. Another, Old Yankee Rows, is centered in the Northeast with high concentrations of high-school educated Europeans or Catholics. Emergent Minorities is almost 80% black. This cluster shows above-average concentrations for children of all ages, almost half of them in homes with single parents. Single City Blues represent an odd mixture of races, classes, transients and night trades in the nation's densely urban, downscale singles areas.

Mid-City Mix buyers prefer detached homes (79.5%), although acceptance of duplexes (7.7%) is higher than average. Average price sought is $146,959. Average home size sought: 1976 square feet (median 2000 square feet). Desire three bedrooms, two baths, full basement, two-car garage. Could afford downpayment averaging $30,000. Maximum monthly payment they can afford averages $947 (median $875).

What Makes These Buyers Different?

□ Traditional design is preferred by 48.7%; a brick masonry exterior is preferred by 60.5%. Single-level plans are most popular (56.7%), although 26.7% want a two-story home. Would accept an attached house if it had energy-saving features (40%) and/or a sense of neighborhood (36.7%).

□ Prefer to live in close-in suburbs (43.3%) and wish to commute no more than 15 to 30 minutes to work (30.6%).

□ Mid-City Mix move-up buyers generally are seeking two things in a new home: more space (46.2%) as well as more volume spaces (46.2%).

□ Those who are delaying a home purchase say it's because they are waiting for their salary to increase (53.3%). But all feel home ownership is a desirable goal, and 94.7% say their parents owned homes.

□ Renters within this segment are paying an average of $433 per month (median, $412). Their current rent has been increased an average of $28 in the last two years. By and large, they dislike renting because they receive no equity for the dollar, although a high percentage say they like having less financial responsibility as tenants.

□ Those who are ready to buy say they are primarily interested in a better location (50%). Their decision will hinge on two factors: price and the monthly payment (44.7%). By and large, these households have one wage earner contributing income.

□ When evaluating a builder's energy performance claims, these buyers want warranties/guaranties as evidence (81.6%). However, when it comes to quality, these buyers want a visual inspection (77.8%).

□ If given a choice between two options: 73.5% will accept upgraded amenities instead of a larger lot; however, they'll trade off extra amenities for a larger home (61.3%); they'd prefer two full baths instead of a luxury/half-bath combo (71.9%); they prefer formal living and family rooms over a great room (72.4%); and they'll take a utility room in lieu of an extra bath (61.3%).

□ Well over a third of these buyers are interested in adaptable-home features, and 71.8% will make a $1500 investment in energy-saving products now to save money later on.

□ Over half (55.3%) of home buyers will pay extra now for low-maintenance products. However, nearly eight out of 10 said they would not pay for a yard-maintenance service, and 43.2% said they had no interest in any exterior-care services.

□ Bathroom features these buyers want as standard include a medicine cabinet (94.9%), exhaust fan (84.6%), a tub/shower door (74.4%), linen storage (71.8%) and safety features (59%).

□ In the kitchen, these buyers expect: a range/oven (100%), a dishwasher (87.2%), a refrigerator (79.5%), a vinyl floor (76.9%) and a garbage disposal (64.1%).

□ In the master bedroom suite, they look for a private bath (89.7%), a walk-in closet (87.2%) and a sense of separation from other bedrooms (56.4%).

□ Key optional products for buyers are a fireplace (84%), a rec room (83.3%), air conditioning (76.5%), landscaping (55.6%) and a screened porch (55.6%).

□ The environmental considerations of home building are "very important" to 52.8% of these shoppers. More than 55% of these consumers would like to have healthy home features, and are willing to pay, on average, $1683 for them. A warranty was rated very important by 51.4%, and 50% said they would not consider buying a home without one.

□ Home design features rated most desirable include a linen closet (89.7%), garage storage (76.9%), a pantry (74.4%), two closets in the master suite (74.4%), family entertaining space (74.4%), multi-purpose rooms (66.7%), and a patio (64.1%).

□ Key considerations in the selection of a home are security (64.9%), low maintenance (61.1%) and quality (56%).

□ The appeal of intelligent house technology is very high for this group when applied to security, but average for other functions. On average, buyers would pay about $1631 for security functions but a lot less for others.

□ The spring-loaded locks and extra handrail/safety gate features of a child-safe home design have the most appeal for about half of these buyers.

□ A merchandised model is not considered essential by 61.9%, though the model's size and overall condition is critically important. The most important model home feature that creates a positive impression is the kitchen (47.8%). □

The Heartland

This group is centered in small communities located in a broad swath across the Corn Belt and on into ranch and mining country. Clusters share large numbers of sparsely populated communities, lower-middle to downscale socioeconomic levels, high concentrations of German and Scandinavian ancestries, and maximum stability. They might be desribed as "rugged conservatives." One cluster, called Shotguns & Pickups, shows peak indices for large families with school-age children, headed by blue-collar craftsmen, equipment operators and transport workers. Another, called Agri-Business, is located in the Great Plains and mountain states. Prosperous ranch, farm and mining areas are still marred by rural poverty and a continuing exodus of youth. A related cluster, Grain Belt, shows higher concentrations of working farm owners and less-affluent tenant farmers.

Heartland home shoppers prefer detached housing (76.5%) although interest in both modular (8.8%) and mobile homes (5.9%) is high. Average price sought is $92,294. Average home size sought: 1661 square feet (median 1564 square feet). Desire three bedrooms, two baths, a full basement, two-car garage. Could afford downpayment averaging $30,143. Maximum monthly payment they can afford averages $628 (median $429).

What Makes These Buyers Different?

□ Traditional design is preferred by 47.1%; an aluminum/metal siding exterior is preferred by 26.5%. Single level plans are most popular (38.5%), while two-story plans are favored by 26.9%. Would accept an attached house if it had privacy (34.6%) and a sense of neighborhood (34.6%).

□ Those within the category who are moving up generally are seeking more space (44.4%).

□ Home ownership has strong roots in the Heartland: 100% feel it is a desirable goal, and 100% say their parents owned a home.

□ Renters within this segment are paying an average of $265 per month (median, $262). Their current rent has been increased an average of $8 in the last two years. By and large, they dislike renting because they receive no equity for the dollar, although they also appreciate the lowered maintenance and financial responsibility involved in this living arrangement.

□ Their decision to buy primarily will hinge on price (56.3%). By and large, these households have one wage earner contributing income (59.4%).

□ When evaluating a builder's energy performance claims, Heartland buyers want both warranties/guaranties as evidence (71%) and time to visually inspect (71%). However, when it comes to quality, these buyers rely on a visual inspection (80%).

□ If given a choice between two options: 60% will accept a bigger yard instead of upgraded amenities; they'll also trade off extra amenities for a larger home (56.7%); they'd prefer two full baths instead of a luxury/half-bath combo (57.1%); they prefer a great room over formal living and family rooms (51.9%); and they'll take a utility room in lieu of an extra bath (84.6%).

□ About 70% of Heartland buyers have no interest in adaptable home features, although half of those purchasing a house as a retirement residence will consider it. But nearly 62% will make a $1500 investment in energy-saving products now to save money later on.

□ These home buyers are evenly split when it comes to paying extra for low-maintenance products. A solid 8-out-of-10 said they would not pay for a yard-maintenance service, and two-thirds said they had no interest in any exterior-care services.

□ Bathroom features these buyers want as standard include a medicine cabinet (82.4%), linen storage (79.4%), a one-bowl vanity (76.5%), exhaust fan (73.5%), and a tub/shower door (47.1%).

□ In the kitchen, Heartland buyers expect: a range/oven (88.8%), a vinyl floor (73.5%), a refrigerator (73.5%), a dishwasher (70.6%), a double sink (58.8%).

□ Key optional products for these buyers are a screened porch (83.3%), a rec room (80%), air conditioning (73.1%), a fireplace (66.7%) and zoned heating/cooling (64.7%).

□ The environmental considerations of home building are "very important" to half of Heartland shoppers. But nearly half say they could live without healthy home features.

□ On the other hand, a warranty was rated "very" important by 64.5%, and 59.4% said they would not consider buying a home without one.

□ Home design features rated most desirable include garage storage (55.9%), a pantry (55.9%), a porch (55.9%), a patio (52.9%), a linen closet (52.9%), a covered entry (41.2%) and multi-purpose rooms (41.2%), and family entertaining space (38.2%). Rated low were a formal entertaining space (5.9%) and a home fitness center (8.8%).

□ Key considerations in the selection of a home are security (53.3%), the surrounding neighborhood (51.7%) and quality (50%).

□ The appeal of intelligent house technology is moderately high for this group, with particular interest shown for the energy and security-management functions. On average, these buyers would pay about $870 to $1000 for these functions.

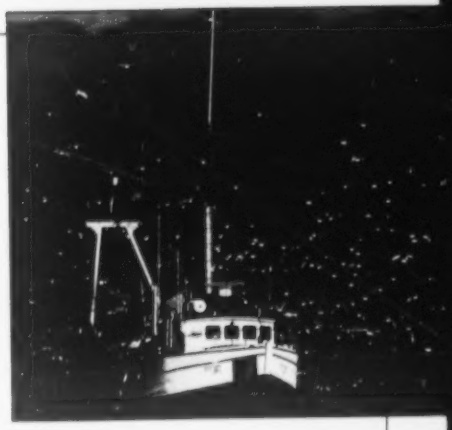
□ The spring-loaded locks feature of child-safe homes has the most appeal for 59.1% of Heartland buyers.

□ A merchandised model is not considered essential by 60.6%. Those who have toured models in the past seem very sensitive to perceived size, condition and workmanship. The most important model home feature that creates a positive impression is the kitchen (41.2%).

□ Both brokers and newspaper ads are used as sources of new home information for Heartland consumers. They also prefer a bound brochure (52.9%) over folders with loose sheets.

□ Advertising that is most effective displays the price (97%), a plan (81.8%) and a description (75.8%). □

Small-Town Living



This category covers a host of predominantly blue-collar neighborhoods in the nation's smaller industrial cities, factory, mining and mill towns, and rustic coastal villages. Clusters share a few broad characteristics such as lower-middle incomes, limited educations, and (except Smalltown Downtown) single units and mobile homes in medium- to low-density areas. However, it is the differences among the clusters that make this group interesting. Golden Ponds are the hundreds of small rustic towns where seniors choose to retire among country neighbors. Mines & Mills clusters are scattered throughout the Appalachian Mountains where both light and heavy industry thrive. Norma Rae-Ville is in the South, where hundreds of industrial suburbs feature a variety of textile plants and other light industries. Smalltown Downtown are relatively densely populated factory towns located along the old railroad lines.

Small-Town Living home shoppers prefer detached housing (87.5%). Average price sought is $92,728. Average home size sought: 1838 square feet (median 1707 square feet). Desire three bedrooms, two baths, a full basement, two-car garage. Could afford downpayment averaging $22,179. Maximum monthly payment they can afford averages $638 (median $551).

What Makes These Buyers Different?

□ Traditional design is preferred by 43.7%; brick/masonry exterior is preferred by 48.6%. Single-level plans are most popular (48.4%). These buyers say they would accept an attached house if it had lower maintenance features (59.3%).

□ Small-Town Living buyers prefer to live in outlying suburbs (37.1%), as well as rural areas (32.3%), and wish to commute no more than 15 to 30 minutes to work (42.4%).

□ Those within the category who are moving up generally are seeking two things in a new home: a better design (65.2%) and more space (48.1%).

□ Small-Town Living renters say they are delaying a home purchase because they are saving for a downpayment (46.2%). They are paying an average of $470 per month (median, $370). Their current rent has been increased an average of $26 in the last two years. By and large, they dislike renting because they receive no equity for the dollar.

□ Those who are ready to buy say they are primarily interested in the security/privacy aspects of ownership (63.8%) and that it best conforms to their lifestyle (43.5%). Their decision will hinge on price (58%). By and large, these households have one wage earner contributing income (50.7%).

□ When evaluating a builder's energy performance claims, these buyers want both warranties/guaranties and time to make a visual inspection (66.2%). However, when it comes to quality claims, these buyers will rely on a visual inspection (77.3%).

□ Given a choice between two options, 61.3% will accept upgraded amenities instead of a larger lot; however, they'll trade off extra amenities for a larger home (70.5%); they'd prefer two full baths instead of a luxury/half-bath combo (57.4%); they prefer formal living and dining rooms over a great room (54.1%); and they'll take a utility room in lieu of an extra bath (79.3%).

□ Seventy percent of Small-Town Living buyers have no interest in adaptable home features, although 60% of those considering a house as a retirement residence are interested. Three out of four will make a $1500 investment in energy-saving products now to save money later on.

□ Nearly 63% of these home buyers will pay extra now for low-maintenance products. However, 63% said they would not pay for a yard-maintenance service, and 62% said they had no interest in any exterior-care services.

□ Bathroom features these buyers want as standard include a medicine cabinet (87.3%), linen storage (83.1%), exhaust fan (76.1%), and a one-bowl vanity (59.2%).

□ In the kitchen, these buyers expect: a range/oven (88.7%), a pantry (74.6%), a refrigerator (73.2%), a dishwasher (71.8%) and a stainless steel sink (64.8%).

□ In the master bedroom suite, they look for a private bath (73.2%) and a walk-in closet (70.4%).

□ Key optional products for these buyers are a fireplace (78.6%), air conditioning (75%), complete landscaping (67.6%), a rec room (60%) and hardwood flooring (51.1%).

□ The environmental considerations of home building are "somewhat important" to 49.3% of Small-Town Living shoppers. More than 45% of these consumers would like to have healthy home features, and are willing to pay, on average, $1425 for them. A warranty was rated "very" important by 54.3%, who said they would not consider buying a home without one.

□ Home design features rated most desirable include a linen closet (83.3%), garage storage (75%), a pantry (75%), a patio (72.2%), a covered entry (72.2%), a porch (69.4%), two closets in the master suite (68.1%) and family entertaining space (58.3%).

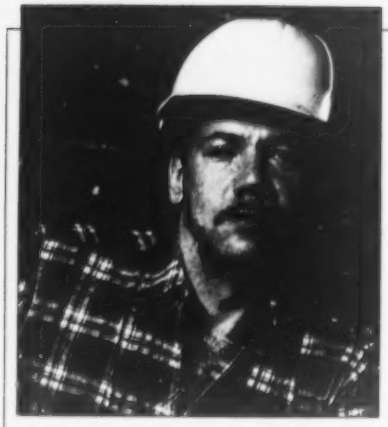
□ The key consideration in the selection of a home is its ability to increase in value (69.6%).

□ The appeal of intelligent house technology is moderately high for this group. On average, these buyers would pay about $850 for these functions.

□ The anti-scald faucet device in a child-safe home design has the most appeal for about 44.2% of these buyers.

□ A merchandised model is not considered essential by 57.4%. The most important model home feature that creates a positive impression is the kitchen (40%).

□ Brokers are the most common source of new home information (63.6%) for Small-Town Living buyers. They also prefer a bound brochure (65%) over folders with loose sheets. Advertising that is most effective displays the price (97.1%), a photo (87%) and a plan (85.5%). □



Inner City

This group represents the least-advantaged neighborhoods of America. It shows peak indices for minorities, high indices for service workers and laborers, very low income and education levels, large families, high concentrations of singles (widowed, divorced, separated, never married), peak concentrations of renters in multi-unit housing, and perennial unemployment. Heavy Industry is chiefly concentrated in the older industrial markets of the Northeast, with an above-average incidence of Hispanics. Downtown Dixie-Style is concentrated in mostly black, southern neighborhoods. Hispanic Mix is chiefly concentrated in the major markets of the Mid-Atlantic and West. Public Assistance consists of large, single-parent families in rented or public high-rise buildings.

Inner City home shoppers prefer detached housing (64.7%) as well as duplexes (8.8%). Average price sought is $110,367. Average home size sought: 1839 square feet (median 1699 square feet). Desire three bedrooms, two baths, a full basement, two-car garage. Could afford downpayment averaging $17,067. Maximum monthly payment they can afford averages $704 (median $604).

What Makes These Buyers Different?

□ Traditional design is preferred by 36.4%; brick masonry exterior is preferred by 58.8%. Single-level plans are most popular (36.4%) followed closely by two-story designs (31.8%). Would accept an attached house if it had security (45%) and energy-saving features (30%).

□ Prefer to live in close-in suburbs (36.4%) and the central city (27.3%). They wish to commute no more than 15 to 30 minutes to work (50%).

□ Those within the category who are moving up generally are seeking two things in a new home: more space (37.5%) and the ability to build more equity (37.5%).

□ Inner City residents who have never owned before and yet are delaying a home purchase say it's because they are saving for a downpayment (40%). But they all feel home ownership is a desirable goal, and 60% say their parents owned homes.

□ Renters within this segment are paying an average of $446 per month (median, $406). Their current rent has been increased an average of $46 in the last two years. For the most part, they dislike renting because they receive no equity for the dollar.

□ By and large, these households have one wage earner contributing income (57.6%).

□ If given a choice between two options: 83.3% will accept upgraded amenities instead of a larger lot; however, they'll trade off extra amenities for a larger home (55.2%); they'd prefer two full baths instead of a luxury half-bath combo (58.1%); they prefer formal living and family rooms over a great room (67.9%); and they'll take a utility room in lieu of an extra bath (82.1%).

□ Only 29% of these buyers have any interest in adaptable-home features. Only 37.5% of those considering the house as a retirement residence are interested in adaptable features, as well. However, more than 75% will make a $1500 investment in energy-saving products now to save money later on.

□ Nearly 70% of Inner City home buyers will pay extra now for low-maintenance products. But 40.6% said they would not pay for a yard-maintenance service, and 37.5% said they had no interest in any exterior-care services.

□ Bathroom features these buyers want as standard include a medicine cabinet (97.1%), linen storage (85.3%), exhaust fan (82.4%), a tub/shower door (79.4%) and ceramic tile floors (73.5%).

□ In the kitchen, these buyers expect: a range/oven (91.2%), a dishwasher (73.5%), a refrigerator (73.5%), pantry (64.7%) and a vinyl floor (61.8%).

□ In the master bedroom suite, they look for a walk-in closet (85.3%) and a private bath (85.3%).

□ Key optional products for these buyers are air conditioning (93.5%), a fireplace (84.6%), laundry appliances (73.3%), a screened porch (62.5%) and a rec room (57.9%).

□ The environmental considerations of home building are "very important" to 47.1% of these shoppers. More than 61% of Inner City consumers would like to have healthy home features, and are willing to pay, on average, $1440 for them. A warranty was rated "very" important by 47.1%, and 52.9% said they would not consider buying a home without one.

□ Home design features rated most desirable include a linen closet (94.1%), two closets in the master suite (82.4%), garage storage (67.6%), a pantry (67.6%), a patio (67.6%), multi-purpose rooms (64.7%), a porch (58.8%), family entertaining space (58.8%), a covered entry (52.9%), raised ceilings (52.9%). This group also has higher than average interest in home-fitness centers, window treatments, home offices and plant shelves.

□ The appeal of intelligent house technology is unusually high with this group, with particular interest shown for the entertainment and security-management functions. On average, these buyers would pay about $1100 for these functions.

□ The monitoring intercom with door-alarm feature of a child-safe home has the most appeal for about 51.9% of these buyers.

□ A merchandised model is not considered essential by 70%. The most important model home feature that creates a positive impression is the kitchen (26.7%).

□ Brokers are the most common source of new home information (70%) for Inner City buyers, although newspapers rank particularly high (60%) as well. These buyers prefer a bound brochure (53.3%) over folders with loose sheets.

□ Advertising that is most effective displays the price (100%) and a plan (90.9%). □

Country Folk

This group peppers rural America and the rural South with thousands of small agrarian communities, towns and villages. It has such shared characteristics as very low population densities; low socioeconomic rankings; minimal educations; large, highly stable households with widowed elders; predominantly blue collar/farm labor; and peak concentrations of mobile homes. Back-Country Folks is centered in the Ozark and Appalachian uplands, and leads all clusters in concentration of mobile homes and trailers. Share Croppers is deeply rooted in the South. Tobacco Roads has its greatest concentrations in the river basins and coastal flatlands of the Carolinas, Georgia and the Gulf states. Hard Scrabble represents the poorest rural areas, leading all other clusters in concentration of working women.

These home shoppers prefer detached (69.8%) and mobile homes (14%). The average price sought is $79,333. Average home size sought: 1817 square feet (median 1749 square feet). Country Folk buyers desire three bedrooms, two baths, a full basement, two-car garage. They could afford downpayment averaging $22,308. Maximum monthly payment they can afford averages $503 (median $371).

What Makes These Buyers Different?

- Traditional design is preferred by 56.1%; vinyl siding is preferred by 32.6%. Single-level plans are most popular (58.6%). Would accept an attached house if it had privacy at the rear (28.6%), a sense of neighborhood (28.6%) and sound control (28.6%).
- Country Folk wish to commute no more than 15 to 30 minutes to work (48.7%).
- Those within the category who are moving up generally are seeking two things in a new home: a better design (66.7%) and more space (56.3%). First-timers feel home ownership is a desirable goal (87.5%).
- Renters within this segment are paying an average of $318 per month (median, $287). Their current rent has been increased an average of $41 in the last two years.
- Those who are ready to buy say they are primarily interested in the security/privacy aspects of ownership (57.5%) and that it is essential to raising a family (37.5%). Their decision will hinge on price (54.8%).
- Country Folk households have one wage earner contributing income (51.2%).
- When evaluating a builder's energy performance claims, these buyers want warranties/guaranties as evidence (60%). However, when it comes to quality, these buyers want a visual inspection (66.7%).
- If given a choice between two options, 62.5% will accept upgraded amenities instead of a larger lot; however, they'll trade off extra amenities for a larger home (82.4%). They'd prefer two full baths instead of a luxury/half-bath combo (73.7%); they prefer a great room over formal living and family rooms (54.5%); and they'll take a utility room in lieu of an extra bath (80.6%).
- About 66% of these buyers have no interest in adaptable-home features, although two-thirds of those considering the house as a retirement residence will examine adaptable features. Over 57% will make a $1500 investment in energy-saving products now to save money later on.
- Nearly 62% of Country Folk home buyers will pay extra now for low-maintenance products. However, 64.3% said they would not pay for a yard-maintenance service, and 52.5% said they had no interest in any exterior-care services.
- Bathroom features these buyers want as standard include linen storage (83.7%), exhaust fan (81.4%), a medicine cabinet (76.7%), a tub/shower door (55.8%), a one-bowl vanity (53.5%), a bathroom heater (48.8%) and safety features (46.5%).
- In the kitchen, these buyers expect: a vinyl floor (93%), a range/oven (90.7%), a dishwasher (74.4%), a refrigerator (72.1%), a stainless steel sink (62.8%), a pantry (55.8%), self-cleaning oven (55.8%) and two sinks (62.8%).
- In the master bedroom suite, Country Folk look for a walk-in closet (79.1%) and a private bath (69.8%).
- Key optional products Country Folk buyers look for are a screened porch (94.1%), a fireplace (77.8%), storm windows (74.4%), ceiling fan (66.7%) and a pool (62.5%).
- The environmental considerations of home building are "very important" to 53.7% of these shoppers. However, 43.9% of these consumers say they can "live without" healthy home features. A warranty was rated just "very" important by 54.8%, and 65% said they would not consider buying a home without one.
- Home design features rated most desirable include a linen closet (94.1%), garage storage (67.6%), a pantry (67.6%), a patio (67.6%), multi-purpose rooms (64.7%), built-in furniture (58.8%), an over-sized master bath (58.8%), a porch (58.8%), family entertaining space (58.8%) and a covered entry (52.9%).
- Key considerations in the selection of a home are its ability to increase in value (60.5%) and its quality (56.4%).
- The appeal of intelligent house technology is moderately low for these buyers.
- The spring-loaded lock feature of a child-safe home has the most appeal for about 45.7% of these buyers.
- The most important model home feature that creates a positive impression is a kitchen (42.1%).
- Newspaper/classified ads are the most common source of new home information (52.5%) for these buyers. These buyers prefer a bound brochure (57.9%) over folders with loose sheets.
- Advertising that is most effective displays the price (90%), a photo (90%), a plan (85%) and a description of the model (80%). □

AD INDEX

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INDICATORS

Starts Fall In September, But Permits Turn Back Up

Lower interest rates should stimulate the economy in 1992.

Following five months of steady, slow increase, total housing starts declined in September. The seasonally adjusted annualized rate of 1.03 million housing starts during the month of September suggested that the long-awaited housing recovery had stalled out during the summer.

Nevertheless, a silver lining exists in the Commerce Department's report for September: The number of building permits issued for residential construction moved up during the month, following a disappointing retreat during August.

The annualized rate of building permit authorizations for privately owned housing units moved up sharply for six consecutive months beginning in February, but declined by more than 5% at summer's end. The August permit numbers were a clear precursor of the fallback in starts we saw in September.

Through the first nine months of 1991, the total number of housing units started nationwide was 19.5% behind the rate for the first three-quarters of 1990. Single-family starts have fallen 11.1% below the year-ago pace, while starts in multiunit buildings are off an unprecedented 44.9%.

Despite the slight setback in September, most signs continue to point toward slowly improving conditions in residential construction markets. The upturn in permits, combined with low interest rates, steady or falling unemployment levels, and an improving U.S. economy are all positive factors that should make 1992 a considerably better year than any of the past three or four. □

Home Resale Rate Gains Stall

Sales of existing homes fell in both July and August, after five months of healthy gains. At an annualized rate of 3.25 million homes, the August sales rate was 12.1% above the January number; 9.5% below the rate of two months earlier.

The mid-September move by the Fed to lower interest rates may prove to be just what the housing market needs to regain some forward momentum.

The move will yield lower mortgage interest rates and should help stimulate the overall economy. □

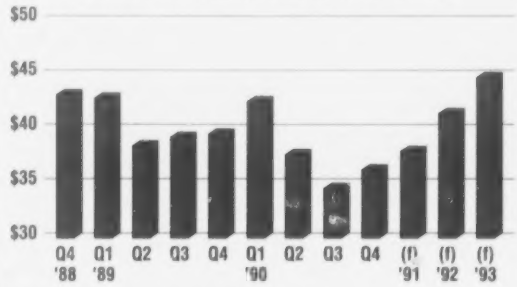
Regional Market Conditions

(Year-To-Date Trends)

	S-F Home Permit $	Average S-F Permit Value	Remodeling Permit $	Employment Change
New Haven	+19.6%	$92,667	-2.7%	-4.0%
Trenton	-13.2%	$111,202	+5.0%	-1.9%
Jacksonville	+1.6%	$81,988	+26.0%	0.0%
Jackson, Miss.	+4.3%	$70,324	+4.2%	-0.2%
Oklahoma City	+34.2%	$91,323	+4.0%	-0.2%
Cleveland	-12.1%	$128,887	+9.9%	0.0%
Wichita	+7.0%	$69,580	+44.3%	+2.0%
Reno	-20.8%	$112,676	+3.3%	-0.4%
Oakland	-26.3%	$135,741	-2.2%	+0.5%

Sources: U.S. Departments of Commerce and Labor

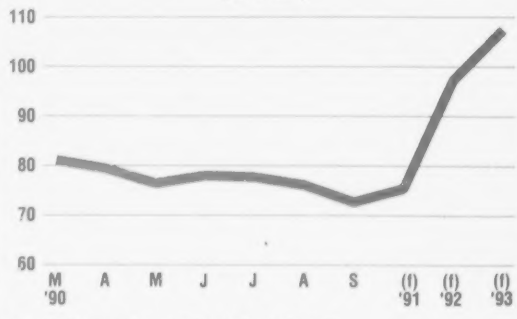
Consumer Spending On Residential Additions & Alterations



Data reflect seasonally adjusted annual rates, in billions of $.
Source: U.S. Department of Commerce. Forecast: Cahners Economics.

Consumer Confidence Index

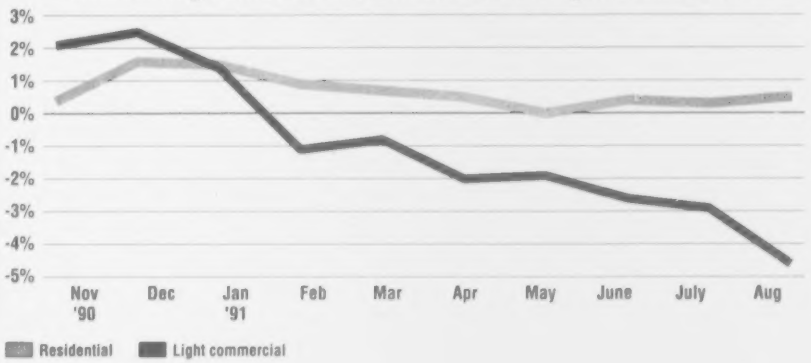
(1985=100)



Source: The Conference Board. Forecast: Cahners Economics.

INDICATORS

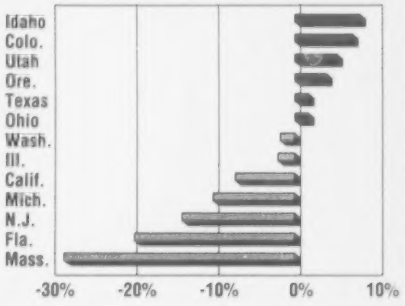
Remodeling Permit Trends – Residential & Light Commercial



Data reflect % change in 12-month moving totals.
Source: U.S. Department of Commerce.

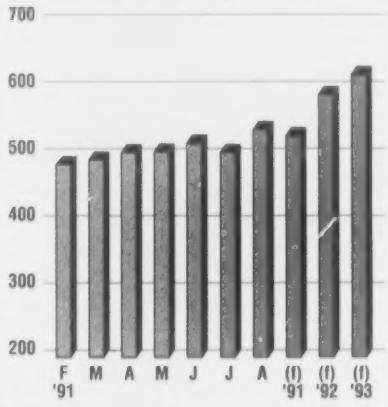
Construction Employment Trends

(June 1991 vs. June 1990)



Data reflect % change in employment for selected sites.
Source: U.S. Department of Labor.

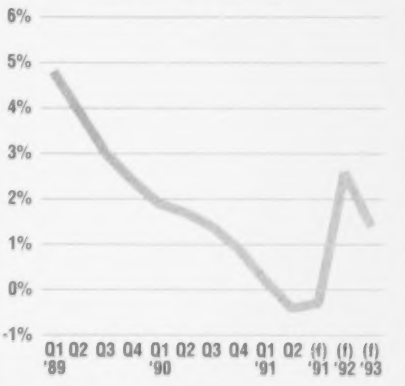
New Single-Family Home Sales



Data reflect seasonally adjusted annualized rates, in thousands.
Source: U.S. Department of Commerce. Forecast: Cahners Economics.

Real Disposable Personal Income

(Over-The-Year % Change)



Source: U.S. Department of Commerce.
Forecast: Cahners Economics.

Key Trends At A Glance

	Aug '91	Dec '90
Total housing starts*	1,065,000	971,000
New home sales*	540,000	464,000
Remodeling permit trend	-2.5%	1.9%
Consumer confidence index**	76.1	61.2
Median new home price	$122,000	$127,000
Fixed-rate mortgages	9.41%	9.67%
Construction wage trend	+1.5%	+2.2%

* Seasonally adjusted annual rate.
** 1985 = 100.

Consumer Confidence Poised For Rebound

Consumer confidence levels have been discouragingly slow to recover from the depressed levels of the past year. Following a sharp 22-point gain in March—an understandable, if exaggerated reaction to the successful resolution of the Persian Gulf War—the Conference Board's composite confidence index stalled and, more recently, fell back to about the same level as that recorded a year ago.

Consumers are clearly skeptical about the timing and sustainability of the economic recovery. Americans are understandably slow to make commitments in the face of a still fluid and changeable economic environment.

Nevertheless, there are some good signs below the surface of the confidence numbers.

By the third quarter of next year, we expect to see confidence levels at or above the level that prevailed in mid-1990—just prior to the Iraqi invasion of Kuwait. The implications for home builders and remodelers are clearly positive. □

Special Report

The annual Cahners *1992 Economic Outlook* 50-page special report will be available in mid-December. The special price for *PB&R* readers is $21. To order, make check payable to Cahners Economics and mail to: Cahners Economics, P.O. Box 59, New Town Branch, Boston, MA 02258-9908. □